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The Chancellor strikes p7

Restoration MPs under scrutiny
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The jewel in Taubman's crown
GAMBLING
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Battle for the leisure pound

TASTE
The good - and the bad
p13

FRANKFURT
A mouth-watering show p12

NEWS SUMMARY

GENERAL

Steel to begin comeback campaign

Liberal Party leader David Steel today starts a campaign to reassert his position after a three-month sabbatical. A difficult week will culminate in a joint appearance with SDP leader Dr David Owen, in emphasis of the close bonds of the Alliance, after an address to the Liberal Assembly on Friday. Friends say he is on top form after his illness and the bitter party squabbles during the summer, and determined to stay on as leader. Page 3

Wales's plan

Lech Walesa suggested that the Polish Solidarity union movement change tactics by regrouping resources and waiting for another big social upheaval. Page 2

Fighting spreads

Fighting around Beirut was stepped up as Lebanese government jets bombed Druze positions in the surrounding mountains. Page 2

Pilot suspended

Air Zimbabwe pilot Tony Thomas was suspended for taking passengers to welcome as "celebrities" two air force officers being expelled to London from Zimbabwe last week. Page 2

Soldiers killed

Two British soldiers died and at least 13 people were hurt in two road accidents in West Germany. Page 2

Powell attack

Ulster Unionist MP Enoch Powell called for more independent British foreign policies, saying present ones were subservient to U.S. policies which failed. Page 4

Belgian threat

Belgian union leaders threatened to extend strikes which have paralysed much of the country. Channel ferries have been hit. Page 2

Tourist danger

Armed men near Kenya's Masai game reserve killed a guard and wounded an American tourist in separate incidents. Page 2

Hitler warning

Braunau town council, Austria, is to put a marble plaque on the house where Adolf Hitler was born, warning against fascism. Page 2

Death sentence

Shanghai courts sentenced 15 gang leaders to death for assault and robbery, as China's crackdown on crime continued. Page 2

Shaman disgrace

Swaziland football authorities outlawed witchcraft, saying the sight of witchdoctors sprinkling holy water at their opponents' goalmouths was embarrassing for the country. Page 2

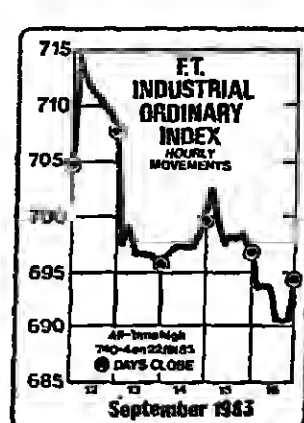
Briefly...

Mrs Thatcher began talks with Italian Premier Craxi. Brazil made its millionth alcohol-fuelled car. Breakfast TV viewers: BBC 1.3m; TV-am 1.1m last week. Portuguese train drivers struck for 12 hours. 35 Polish football fans asked for asylum in Turin.

BUSINESS

Equities drift; Gilts firmer

EQUITIES were depressed due to the BP shares sale and doubts about the U.S. money supply. The FT Industrial Ordinary index eased 2.7 to 694.2, for a fall of 10.7 on the week. Page 26



GILTS were firmer, with gains of up to 1 over all sectors. Page 26

STERLING

rose 40 points to \$1.5015. It fell to DM 4.01 (DM 4.0125), FF 12.09 (FF 12.1075), SwFr 3.26 (SwFr 3.2625), but held at Y366.3. Its trade-weighted index also held at 84.8. Page 21

GOLD

fell \$1 to \$406 in London. In New York the September Comex settlement price was \$410.4. Page 21

DOLLAR

fell in DM 2.6685 (DM 2.6783), FF 8.0575 (FF 8.0675), SwFr 3.26 (SwFr 3.2625), and Y243.55 (Y244.5). Its trade-weighted index slipped to 128.7 (129.0). Page 21

WALL STREET

was 13.21 up at 1238.25 just before the close. Page 20

SIR CLIVE SINCLAIR

inventor of the Sinclair ZX81 and Spectrum micro-computers, has launched a pocket-sized TV on the market. Back Page

ARGENTINA

has won some breathing space in repaying some of its mounting debt to international commercial banks, which will enable it to borrow a further sum from the banks. Back Page

IMPALA

and Rustenberg, the world's two largest platinum producers, are to market platinum coins and ingots for private investment. Back Page

STANDARD Telephone

and Cable and GEC Telecommunications are cutting 700 jobs in Coventry and the south east. STC blames the Government's liberalisation of the telecommunications business and GEC's switch changes in technology. Back Page

OSBORNE

the troubled personal computer company, has been granted \$600,000 (£389,600) temporary financing from three U.S. banks. Page 25

BLACKWOOD HODGE

the earth moving equipment and engineering group turned in pre-tax loss of £433m in the first half of 1983, on sales down from £170.08m to £132.07m. Page 18 and Lex

CONDOR INTERNATIONAL

building group turned in a loss for the first six months to June 30 of £5.23m against profit of £432,000 in the same period in 1982. Overseas operations, notably in Iraq, sustained losses of £5.8m. Page 18

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISERS		FALLS	
Funding 51% 87-91 176	+	Barclays Bank	475 - 13
Treas 61% 1985-88 176	+	Blackwood Hodge	14 - 2
Treas 12% 2013-17 119	+	Chubb	140 - 8
Treas 2% IL 1988 103	+	Cander Int'l	33 - 17
Assoc. Bril. Ports	202 + 10	Gary (Horace)	18 - 34
BTR	520 + 8	Hawker Siddeley	296 - 4
Bejam. Cpn.	151 + 4	Lex Service	321 - 7
Breeding Cloud Lime	355 + 20	SGS Grp.	132 - 10
Brit. & Commonwealth	870 + 10	Stock Conversion	275 - 5
Consolid. (C. & F.)	400 + 20	TACE	116 - 6
Danish Bacon A	80 + 6	Charter Cons.	250 - 10
Immed. Bus. Systems	160 + 15	Cnos. Gold Fields	600 - 10
Lennox Grp.	41 + 4	Hill 50	30 - 4
Mellins	110 + 8	Jones Mining	58 - 5
Albero Focus	620 + 40	MIM Alids.	242 - 1
Real Time Control	490 + 10	RIZ	630 - 20
Telfos Hides	42 + 4	Rustenberg Plat.	720 - 25
Wheeler's Restrins.	455 + 35		

Hewlett-Packard to steal a march with board meeting in Peking

HEWLETT-PACKARD, the U.S. electronics group, is this month set to upstage the growing list of U.S. multinationals which head overseas for their board meetings. It plans to take its board to Peking and will even offer a trip to the Great Wall of China, writes Terry Dodsworth in New York.

This extravaganza for the 19-member board which includes Prof Luis Alvarez, the 1958 Nobel Prize winner in physics, ought not to be taken out of context, even though the last time a U.S. company met in China is reckoned to have been in 1949.

Hewlett-Packard, seen as something of a pace-setter, has twice flown its board to Europe. The purpose is a serious one, it insists. It allows the board to see at first hand what is going on in overseas markets where the company operates.

The Peking trip, however, is slightly different. The board will scarcely be able to examine the group's Chinese activities because these are still "minic".

Still, Hewlett-Packard believes in the long haul. It has been tirelessly pursuing the Chinese since President Richard Nixon's historic trip to Peking in 1972. This is partly, it says, because it favours "building bridges not walls".

It probably makes a profit on the business though it is a fair bet its export-earnings from China will be significantly dented by the boardroom descent.

The company was yesterday unable to give a cost for the adventure. A total of 44 will be going, including non-board officers, wives and one husband. Hewlett-Packard was broken ground on that one, too, with the appointment of a group lawyer, Mrs Shirley Hufstader.

The group will spend three days in Peking working on a board and examining the market. It will then be free for a week. Those who wish too may go to the Wall and other tourist attractions.

All this is preceded by two days in Japan where the company has just sought majority control of its affiliate.

All of which suggests Hewlett-Packard demands a fair amount of commitment from directors. They are certainly being shepherded to Peking as a kind of advance assault party in a new thrust on the market following the U.S. Government's relaxation of conditions on high-technology sales to China. Perhaps one day—the same day may happen in the Soviet Union. Next stop Moscow?

Sale of £500m BP shares is approved

BY DOMINIC LAWSON

THE GOVERNMENT yesterday completed another stage in its programme of disposal of state owned assets, with the announcement of the sale by tender of at least £500m worth of shares in British Petroleum.

But small investors will be saved the complex task of picking out at what price to work their offer. Applicants for not more than 1,000 shares can opt to be allotted shares at whatever price is eventually decided, after the City has conducted its auction.

A total of 130m shares is being offered at a minimum tender price of 40p per share, which compares with last night's closing price for BP shares of 42p. At the minimum price, the sale would raise £526.5m before expenses.

This is the second time since 1979 that the Government has disposed of shares in BP, and in 1981 it declined to take up its entitlement.

Background, Page 4
Editorial Comment, Page 16
Issue details, Page 18
Lex, Back Page

Satellite channels for ITV

BY RAYMOND SNOODY IN CAMBRIDGE

INDEPENDENT TELEVISION is to be offered two direct broadcast channels by satellite (DBS) television channels to compete with the BBC in space.

The channels will be allocated by open competition in which the existing ITV franchise holders will have an automatic right. The Independent Broadcasting Authority had argued that a consortium of existing ITV companies should be allowed to run any ITV satellite service.

Mr Leon Brittan, Home Secretary, said yesterday that legislation would be introduced in the coming parliamentary session "to enable the Independent Broadcasting Authority to issue one or more contracts for a DBS service if companies or consortia of companies judge the opportunity worth taking".

Mr Brittan also said he hoped a decision on technical standards for satellite transmission, would be reached before the end of this month. European broadcasters have already endorsed the British C-MAC picture standard and the French digital sound system. Neither the French or the German Governments have ratified this and a unilateral British decision to proceed look likely.

The IBA, Mr Brittan told the Royal Television Society convention in Cambridge, could be able to invite applications late next year. An independent satellite could probably be broadcasting in 1987-88.

The BBC plans to begin broadcasting two channels of subscription television from a satellite high above the equator to individual homes in September, 1986.

Mr John Whitney, Director General of the IBA, said yesterday the organisation welcomed the Government's proposals wholeheartedly. But he added: "There was obviously a hope and fond wish to engage as of right in DBS activities, but it was not to be."

The Government, the Home Office said yesterday, had decided that its commitment to competition across the board was more important than the argument put forward by the IBA.

The Home Secretary explained that there would be an independent DBS service only if companies came forward and though the risk was taking, ITV companies made it clear yesterday in Cambridge that they might be prepared to go ahead only if they were able to match the BBC starting date.

Kennedy Brookes bids for Wheeler's

BY RAY MAUGHAN

TWO OF the most celebrated restaurant chains in London will merge soon if the fast-expanding Kennedy Brookes' owner, of Lockets, haunt of many MPs, succeeds with plans to buy out the family which controls Wheeler's Restaurants.

Wheeler's, known for its gourmet fish menus, has been a public company for 15 years while Kennedy Brookes joined the Unlisted Securities Market two and half years ago. Both are of approximately equivalent size, with respective market values of £7.25m and £7.8m at yesterday's closing share prices.

Kennedy Brookes has expanded quickly by acquisition, notably through its purchase of the Marin and Franco restaurant chain, and has usually offered its own shares as consideration. It is understood, however, that the family, which owns 51 per cent of Wheeler's, will be looking for a cash deal and Kennedy Brookes is attempting to underwrite its bid by selling shares to institutional investors.

Wheeler's has received many offers over the years and, under the chairmanship of the founder, Mr Bernard Walsh, consistently turned them away. It has, itself, failed to achieve one or two takeovers of its own on the way, notably when Madame Frouin at the last moment rejected a bid from Wheeler's in September, 1975.

Since the death of Mr Walsh in May, 1981, Wheeler's has been run by his son-in-law, Mr Ronnie Emmanuel, and control has rested in six family trusts.

Kennedy Brookes intends to transfer to the listed market in the near future and recently signed a £2m deal to acquire all six restaurants planned for the Trocadero development in Piccadilly, in the West End of London.

It expects to announce its proposals early next week, but may face strong competition for Wheeler's 14 restaurants in London and Brighton. Its hotel in Brighton, public house in Seaford, Sussex, and fishmongers in Billingsgate. Whitbread, the brewery group which has acquired numerous restaurants in the City recently, definitely ruled itself out of the running yesterday, but Ladbroke has been suggested as a possible counter-bidder.

The betting group has a representative on Wheeler's board and Mr Cyril Stein, Ladbroke's chairman, acquired a sizeable stake 11 years ago.

ICI to sell gas and oil interests in U.S.

By Carla Rapoport

Imperial Chemical Industries has decided to sell its oil and gas interests in the U.S. and the Gulf of Mexico, the bulk of its North American oil and gas interests.

The company announced yesterday that it has already agreed to sell its stake in one lease off the California coast along with its U.S. Gulf Coast oil and gas interests for \$62m (£42m).

ICI now aims to sell its interests in 15 other leases in Mexico and Louisiana. The stake it has agreed to sell as part of the Point Arguillo oil discovery, with some 30 oil and gas wells. Drilling has begun on only one of the other 15 leases, so their commercial value has yet to be proven.

ICI said these interests, acquired in 1976, do not have the significance of the company's North Sea oil interests, which will supply the company's feedstock needs in the UK. The company intends to continue exploration on the UK continental shelf.

"The assets were not strategic to our business in the U.S.," an ICI executive said. The proceeds of the sales will be applied toward developing the company's other U.S. activities, which are now concentrated in pharmaceuticals, agrochemicals, polyester film and specialty chemicals.

ICI will not be pulling out of North America oil and gas entirely. The company has made gas discoveries in Alberta, Canada, which will be used to provide feedstocks for its Canadian businesses.

Under the Government's proposals the IBA would oversee the new service and control the link which would send the pictures into space.

But Mr Brittan made it clear the operating companies would be responsible for acquiring their own satellite capacity. This implies that the ITV companies would be free to go anywhere in the world for their satellite.

It is believed that British Aerospace called the ITV companies at Cambridge yesterday, offering to match the price of any competing satellite system. Sinclair launches flat-screen TV, Back Page

Inflation rate rises to 4.6%

BY MAX WILKINSON, ECONOMICS CORRESPONDENT

THE ANNUAL inflation rate rose in August to 4.6 per cent, 0.4 percentage points above the rate in July, according to official figures out yesterday.

But the increase in the annual rate does not appear to indicate any surge of inflationary pressure in the economy.

"The rise, which was widely expected, is more a reflection of the fact that prices were barely going up at all last summer. The index of Retail Prices for August was 338.0 (1974=100), 0.4 per cent higher than the index for July and 3.3 per cent higher than the index six months earlier.

The rise in the index between July and August reflected the ending of price reductions in the summer sales of clothing and of summer discounts for coal.

Mr Norman Tebbit, Employment Secretary, said yesterday that the August inflation figure was consistent with the Government's forecast that the inflation rate would be about 6 per cent towards the end of the year.

By the end of September, he predicted, the rate would be about 5 per cent.

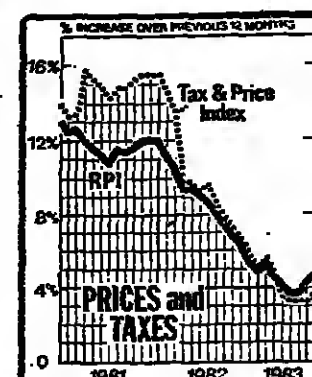
He said wage bargainers should remember the crucial link between levels of pay and the provision of jobs.

"Pay bargainers should bear in mind that those in work have had a 5 per cent increase in real take-home pay over the past four years, and earnings have risen almost twice as fast as prices over the past 12 months."

The recent trend of inflation has been helped by the fact that sterling has remained firm, thus curbing the rise in import prices in sterling terms. Productivity has also been rising, so the average annual rise in wages per unit of output was held to around 3 per cent in the early summer. This compares with an annual rate of increase of average earnings of 7 per cent in July and August.

Britain's inflation rate is now close to the average of 5 per cent for the industrial world, but it compares unfavourably with the latest figures for the U.S. (2.4 per cent), Japan (2.2 per cent) and West Germany (2.5 per cent).

The Tax and Price Index for August, a measure of the cross pay needed to keep pace with inflation and change in tax was 175.1 (1978=100). This was 3.6 per cent higher than a year earlier.



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£ in New York		Sept. 15	Previous
Spot	\$1.4990	5000	\$1.4950
1 month	0.02	0.04pm	0.01
3 months	0.14	0.17pm	0.07
12 months	0.75	0.85pm	0.60

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Lebanese airforce jets bomb Druze militia

BY PATRICK COCKBURN IN BEIRUT

LEBANESE Government jets yesterday bombed and strafed Druze positions in the mountains overlooking Beirut. The attacks have led to a marked escalation in the fighting. The peace mission of the Saudi Prince Bandar bin Sultan seems to have faltered for the moment. One of the eight Lebanese airforce Hawker Hunter aircraft, of which six are operational, was shot down, and another damaged by ground fire when they attacked at dawn yesterday.

This is the first time the Lebanese air force has been in action in ten years. Two of the jets made emergency landing at the British base of Akrotiri, in Cyprus.

The base is also used by six RAF Buccaneers fighter bombers which arrived in Cyprus last week as a back-up for the 100 British soldiers of the multinational force stationed in Beirut.

The landing of the two Lebanese jets came shortly before the powerful Cyprus Communist Party Aket staged a demonstration in Nicosia against the use of Cypriot soil for military operations in Lebanon.

A military official in Beirut said the fighters' target was Palestinian forces, but no evidence has been produced to support this, and the presence of Palestinians around the key town of Souq al Gharb was firmly denied yesterday by the Progressive Socialist Party, the only Druze political party, which is headed by Mr Walid Jumblatt.

In retaliation for the use of jets, shellfire fell at the Lebanese airforce base of Byblos, north of Beirut. The Defence Ministry on a hill to the east of Beirut was also bombed by artillery, some of which is Syrian.

The air attacks seem to have led to an increase in fighting in and around Souq al Gharb. From the forward observation post held by the multinational force, it was possible to distinguish the muzzle flashes of machine-guns firing in Souq al Gharb yesterday. Artillery

rounds and rockets could be seen landing in the town.

The Druze say that after a government surprise attack in the morning, they have counter-attacked and fought their way into Souq al Gharb, capturing 20 government soldiers, including one officer. They say another 35 were killed or wounded.

From positions below the mountain ridges, where Druze militiamen and government soldiers are fighting, it was impossible to see who was winning, but the air attacks by the tiny air force are unlikely to have more than a symbolic impact.

The Government is still looking to Washington for military support to strengthen its position.

Reginald Dale in Washington adds: The White House acknowledged that a ceasefire agreement was now going to "take additional time". A much more cautious line has now replaced the State Department's predictions of an imminent agreement earlier this week.

The White House also urged congressional Democrats not to try to force President Reagan to comply with the 1973 War Powers Act which restricts his authority to deploy U.S. forces abroad, at such a "pivotal point" in the ceasefire efforts.

On Thursday night Senate Democrats voted to introduce a resolution declaring that the Act had been infringed by the increased fighting.

Caterpillar may face EEC inquiry over plant closure

BY JOHN WYLES IN BRUSSELS

CATERPILLAR Tractor Company's decision to close its loss-making plant at Birtley, Tyne and Wear, with the loss of 980 jobs is to be part of an inquiry by the European Parliament.

Scrutinising the inquiry by the Parliament's social affairs committee is the first move in a bid by British Labour Party members to build up political support behind the so-called Vredeling draft directive which would impose worker consultation obligations on multinational companies.

The proposal was first discussed at official level in the Council of Ministers in Brussels this week.

The Birtley closure, announced at the end of last month, was brought to the Parliament by Miss Joyce Quin, who represents Tyne and Wear. Ms Quin and her colleagues allege that Caterpillar has handled the closure in a way which would be outlawed by the Vredeling directive and which runs counter to assurances the company gave when it was lobbying against Vredeling.

She claims that workers at Birtley first learned of the impending closure through local newspaper reports and that the decision was taken without any prior consultation. Yet in an anti-Vredeling letter the company sent her in December 1981, its director of administration in the UK, Mr D. H. Giltiver, said that the company already made a substantial effort "to inform and involve employees".

The purpose of the letter was to persuade Miss Quin to vote against the draft directive which was approved by the Parliament last December. Mr Giltiver said it was damaging and unnecessary and would make companies far more cautious about investing in the EEC.

A resolution tabled by Miss Quin, together with Dr Gordon Adam, Northumberland, and Mr Roland Boyes, Durham, called for the Birtley closure and seeks to ensure that the Commission withhold EEC aid from any multinational failing to respect the "spirit" of Vredeling.

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Reagan bid to push IMF Bill through Congress

By Anatole Kaletsky in Washington

PRESIDENT Ronald Reagan will make a long-awaited personal effort to push an increase in the U.S. contribution to the International Monetary Fund through Congress.

The IMF Bill, which was passed in a preliminary form by both Houses of Congress before their summer recess, has been held up since then because of a campaign by right-wing Republicans, in which liberal congressmen who voted against an amendment to bar the IMF from lending money to communist countries were branded as "supporters of communism".

The President has now decided to repudiate the campaign after being told the IMF Bill would be doomed without his personal intervention.

A number of Democratic congressmen who originally supported the IMF Bill have threatened in the past two days to start campaigning against it unless they received letters from the President stating that in voting for the original IMF Bill, without the anti-communist amendment, they had been "supporting the Administration".

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Walesa calls for a radical shift in Solidarity tactics

BY CHRISTOPHER SOMINSKI IN WARSAW

MR LECH WALESZA, Poland's Solidarity leader, has proposed that his movement should demand for reinstatement and has urged the regrouping of its resources in new, myriad organisations to await an upheaval similar to the one in 1980 which gave birth to the now banned union.

The proposals came in an interview with the underground CDN Newsweek. Mr Walesa said he will soon be discussing them with the union's underground leadership.

His suggested tactics include dropping the name of the union, the return to legality of the present underground leadership and a very much diminished role for himself. They hinge on the belief that while the movement is too weak at the moment to force the authorities to drop the union's name, it can force the authorities to drop the union's name.

Mr Walesa said: "The system is impermeable, so lame in every sphere that will choke on itself and another explosion will come." Mr Walesa said.

The interview comes after a failure of a go-slow urged by the union at the end of last month and an inconclusive response to a demonstration on August 31, as well as the presumed recent capture of Mr Wladyslaw Haredek, an underground leader in Krakow.

Mr Walesa emphasised that the proposals are not just his own, but were discussed with advisors and he stated that the church was also involved. In a bid for rehabilitation of Father Virgilio Levi who, after the Pope's visit to Poland, was hacked as deputy editor of *Osservatore Romano* after writing that Mr Walesa should adopt a low profile, the union leader said: "You know, it's probably true what *Osservatore Romano* wrote after my meeting with the Pope: that I should take a back seat as lead of Solidarity and wait for my moment."

"We must realise we won't win anything from the Government at the moment working under the name Solidarity," he said, adding that the Polish leadership's freedom of concession is limited. "We must suspend Solidarity without forfeiting its ideals and set up new organisations."

Future emphasis should be on developing the underground press and the new organisations should prepare activists for the future.

Mr Walesa did not clarify whether he has legal or illegal organisations in mind and says emphatically: "Situations should be created so that the authorities will not be able to society by themselves." Nevertheless, he does say that at the moment a general strike is out of the question and warned that any solid shift in Solidarity's favour would bring Soviet intervention.

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Walesa... changes needed

Protest by Manila businessmen

By Emilia Tagaza in Manila

MANILA'S staid banking and business district yesterday held a spontaneous and noisy rally calling for the resignation of President Ferdinand Marcos and protesting against the assassination of opposition leader Mr Benigno Aquino.

For more than an hour, pieces of paper, confetti and streamers dropped from skyscrapers along Ayala Avenue, the Philippines' Wall Street. About 10,000 employees and executives joined a march and carried placards saying: "Marcos resign!"

Mr Marcos' associates and the military have been blamed for the assassination of Mr Aquino, who was shot while in the custody of Government security men.

The march—the first time a political rally has been held in the country's business district—heightened anxiety among foreign companies and international banks.

Many are worried about the country's political stability in the wake of Mr Aquino's death. Some of the foreign banks and companies have temporarily stopped injecting fresh funds into the country.

One businessman who joined the rally said that for too long the business community had expressed dissent. "This is the first time that we were given the chance to show our feelings, especially to protest against the Government's miserable handling of the Aquino case," he said.

The march and rally was organised by the legal opposition group, led by Justice for All (Jafa), which was formed after the slaying of Mr Aquino.

Jafa includes the United Nationalist and Democratic Organisation (Unido), which is at the forefront of the country's legal opposition.

Marchers were allowed to hold the one rally, which had a private football field owned by Mr Enrique Zobel, president of Ayala Corporation, the country's largest real estate company.

Nakasone denies planning early election

BY JUREK MARTIN IN TOKYO

JAPAN'S Prime Minister, Mr Yasuhiro Nakasone, yesterday flatly denied he had already decided to call a general election by the end of this year.

He described as "totally unfounded" reports in the Yomiuri and Mainichi newspapers, both well connected to his government, that he had told leaders of his ruling Liberal Democratic Party (LDP) that he planned a November dissolution of the Diet and a general election on December 4, 18 or 25.

His assertion, however, has been met with some scepticism in Japanese political circles, who have become increasingly convinced that a year-end election is now on the cards. These "experts" are not infallible.

They had equally confidently predicted a midsummer campaign, but were disappointed by Mr Nakasone.

There must be an election for the lower house by June next year, when its four-year term expires. As in Britain, the government is free to determine the precise timing.

The most important dates on the autumn political calendar are October 12, when a verdict is to be pronounced on the former Prime Minister, Mr Kakuei Tanaka, in the Lockheed bribery trial, and November 9 and 12, when President Reagan is to pay an official visit.

Mr Nakasone's great problem is to try to keep the lid on the political convulsions of the Tanaka verdict until after the

temptation for Mr Nakasone to use the threat of a general election if the Diet appears unmanageable. An additional lure, freely conceded by some leading members of the LDP, is the need to go to the country before details of the stringent and presumably unpopular 1984 budget are hammered out at the end of the year.

He repeated again yesterday his frequent assertion that he would like the Diet to serve its full term.

It is widely assumed here that, whenever the election is held, the LDP will lose seats (but not power), to compensate for the unmanageable large deficit it made in 1980 in the wake of Prime Minister Ohira's death late in the campaign.

There is, therefore, a clear

temptation for Mr Nakasone to use the threat of a general election if the Diet appears unmanageable. An additional lure, freely conceded by some leading members of the LDP, is the need to go to the country before details of the stringent and presumably unpopular 1984 budget are hammered out at the end of the year.

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Japan's economy picks up in second quarter

BY JUREK MARTIN IN TOKYO

THE JAPANESE economy picked up a little steam in the second quarter of this year, but mostly on the strength of improved exports.

According to the Economic Planning Agency, which released the latest figures yesterday, the Japanese gross national product expanded in real (ie non-inflationary) terms by 0.9 per cent in the April-June period compared with the first quarter.

This is up on the 0.2 per cent real growth achieved between January and March over the previous quarter, when a 0.4 per cent advance was recorded. The

Government is projecting 3.4 per cent real growth in the current fiscal year, which began in April.

Overseas demand accounted for just over half the real economic expansion, with the export of goods and services going up by 2.9 per cent and the net export of goods and services by 8.6 per cent, over the previous quarter.

Just about the only positive factor on the domestic side was a 4.9 per cent increase in private sector inventories, but even this, the EPA pointed out, had an artificial flavour, since it

reflected both restocking in anticipation of a new oilcoast car inspection scheme and sluggish final sales brought about by bad early summer weather.

Both government and private sector spending rose by only a modest 0.3 per cent in the period (both down on the previous quarter); fixed capital formation by the government did rise by 5.2 per cent, but only because of the bumping of some public works projects early to the fiscal year, while private sector plant and equipment investment only went up by 1 per cent (though this

reversed the 0.9 per cent fall of the January-March quarter). The construction remained in the doldrums, with housing down by 12.7 per cent, following a drop of more than 1 per cent in the first quarter of the year.

The only unalloyed bright spot was that, on a GNP basis, Japan enjoyed negative inflation in the quarter. Nominal growth, at only 0.6 per cent, was below real growth.

Japan must take urgent steps to increase imports and reduce its trade surplus, the Japan External Trade Relations Organisation (Jetro) said, Reuters reports.

6% rise in GNP forecast for Hong Kong

BY ROBERT COTTRELL

THE Hong Kong economy is feeling the benefits of an export-led recovery, Sir John Bremridge, Financial Secretary, said yesterday. He estimated that gross domestic product may grow by 6 per cent to real terms in 1983, revising upwards his February budget forecast of 4 per cent.

Domestic exports, he said, may grow by 11 per cent in real terms, against a budget forecast of 5 per cent.

Sir John also noted, however, the negative effect of political uncertainty on the Hong Kong economy. Britain and China are now negotiating Hong Kong's future ahead of the expiry of Britain's lease in 1997.

He revised downwards his forecast for gross domestic fixed capital formation from 6 per cent growth in real terms to a 1 per cent decline.

As expected, Sir John also addressed the question of the withholding tax levied on Hong Kong dollar deposits. No similar tax is levied on foreign currency deposits in Hong Kong, leading some analysts to argue that the tax has contributed to recent weakness in the Hong Kong dollar.

The Financial Secretary said that, for the time being, he retained "an open mind" on whether withholding tax should be abolished, and said he proposed to "re-address the issue" in his budget speech next year.

Sir John indicated that, if the tax were to be abolished, legislation would be necessary to prevent companies using tax-free interest payments as a means of avoiding profits tax.

Sir John said that he expected Hong Kong's budget deficit to be roughly the HK\$3.2bn (£237m) forecast in his budget. Such circumstances, he said, do not necessitate government borrowing.

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Visitor from Moscow fails to woo China. Mark Baker reports Sino-Soviet gulf remains unbridged

By Our Brussels Correspondent

THE BELGIAN Government and unions representing 900,000 public service employees were last night embroiled in bitter negotiations over the planned cuts in public sector pay.

Union leaders have pledged to maintain their outright opposition to the proposal and have threatened to extend into next week a series of strikes which have paralysed much of the country.

Government sources were last night pessimistic that a speedy agreement could be reached and further talks are scheduled for today. There are fears within the administration that a prolonged strike could threaten the stability of the Centre-Right coalition.

With backing from the three main unions involved industrial action by transport workers and public office employees developed into a wider strike on Thursday. This closed schools and government buildings, disrupted cross-channel ferry services and flights to and from Brussels airport.

Although yesterday saw a limited return to work by teachers and civil servants, most public transport was at a standstill.

SHUTTLE DIPLOMACY. Sino-Soviet style is an Aeroflot jet that does a weekly return flight from Moscow to Peking. It is best known for the vodka and caviar ferried to the world's largest embassy compound.

When the aircraft flew out of Peking yesterday the home-bound mail bags were accompanied by the sarganman-frame of Mr Mikhail Stepanovich Kapitsa. Deputy Soviet Foreign Minister and the most senior Soviet official to have been invited to China in more than 20 years. He did not appear to be carrying glad tidings.

Mr Kapitsa's week-long visit to Peking, which included a meeting with the Chinese Foreign Minister, Mr Wu Xueqian, suggested another step in the process of bridging the gulf which has stood between the two communist nations for a generation. But there is no evidence that the visit carried any more than symbolic significance.

Before boarding the aircraft, Mr Kapitsa, who is in charge of Asian affairs within the Soviet Foreign Ministry, kissed a female American correspondent for the cameras and

declared: "We have opened a new channel of contact, this time on international issues."

But Chinese Vice Foreign Minister Mr Qian Qichen, was quick to rejoin: "We must not forget that there are still obstacles in the way of Sino-Soviet relations. These cannot be evaded."

The Kapitsa visit has created considerable interest, coming

image as a leader of the Third World.

It is anxious to resist even the appearance of "strengthening ties with the Soviet Union" until Moscow gives ground on "the three obstacles to normalisation"—Soviet support for the Vietnamese invasion of Kampuchea, the occupation of Afghanistan and the massive deployment of Soviet troops

and we will not be used as a card."

He said President Andropov's recent promise not to deploy in Asia any SS20 missiles dismantled—as a result of the Euromissile talks had been "noted."

But he emphasised that more than 100 of the missiles were already threatening China and its neighbours.

In a nutshell, if these obstacles are not removed, even if there is some minor improvement in Sino-Soviet relations, there are not likely to be substantial improvements," he said.

Soviet sources have indicated that their negotiators will not be making concessions on any of the key issues during the coming round of talks. They point to Mr Andropov's insistence that the talks cannot involve what the Soviet Union regards as "third country" issues.

China has emphasised its position in its handling of the Kapitsa visit. While Mr Kapitsa was invited by Mr Qian and met senior officials, the visit was carefully categorised as not being official. Apart from his arrival and departure, the event was virtually ignored by the official Chinese press.

More jobs may

Steel to assert his leadership of Liberal Party

BY PETER RIDDLE, POLITICAL EDITOR

Mr David Steel will today begin a carefully planned eight-day campaign to reassert his leadership of the Liberal Party after his three month sabbatical.

There will be a speech or interview each day, culminating in his address to the Liberal Assembly in Harrogate on Friday and a joint appearance with Dr David Owen of the Social Democrats the following day to emphasise the close bonds of the Alliance.

Mr Steel faces the delicate task of demonstrating that he is fully recovered from the illness he had during the summer and of rebuilding bridges with parts of the rank-and-file following bitter squabbles in the party during the summer.

Mr Steel's friends say he is back on top form and is determined to carry on as Liberal leader, despite expressing doubts in the summer and his controversial letter to other Liberal MPs criticising some members of the party.

Nevertheless, Mr Steel will face a difficult week, with moves from some MPs and the Young Liberals to limit his powers as leader. This follows allegations that Mr Steel has acted high-handedly in the past and that the joint Alliance election manifesto ignored key elements of Liberal policy, notably on nuclear energy and defence.

The signs are that some form of compromise will win the day and that it will be acceptable to Mr Steel.

Mr Steel is likely to argue that recent rows should be left behind and the party should now adapt itself, in both its policy-making and organisation, to the Alliance position as a major political force. The Liberal leadership is drawing comfort from the latest Gallup survey which put the Alliance ahead of Labour, while Mr Steel's personal rating as party leader remains very high despite his absence during the summer.

His return to politics — or more precisely from a holiday in the Canary Islands — starts with a short speech in Perth today and continues with a major intervention on London Weekend Television's Weekend World programme tomorrow. This is intended to set the tone for the week.

The Liberal Assembly will also be concerned about relations with the SDP, especially following the assertion of the latter's separate identity by Dr Owen at its conference in Bedford this week. This has disappointed Liberals favouring closer links between the two parties.

Liberal MP 'would serve under Owen in merger'

BY JOHN HUNT

MR STEPHEN ROSS, Liberal MP for the Isle of Wight, said yesterday he would be prepared to serve under Dr David Owen, the Social Democratic Party leader, if the two parties merged. He said Dr Owen would bring to the Alliance "the discipline that the Liberal Party desperately needs."

Mr Ross hoped Mr Steel would emerge strengthened from next week's Liberal Party assembly at Harrogate but added that if people were stupid enough to continue attacking him, his position could be in doubt.

Mr Ross criticised Mr Cyril Smith, MP for Rochdale, for mounting, on the eve of the conference, a campaign for appointment of a deputy leader. He felt the "Rochdale bomb" was making life difficult for Mr Steel and that in these circumstances the leader must be seriously tempted to chuck his bomb.

Mr Ross was more pessimistic than ever about the future of the Alliance now that the SDP conference had rejected the idea of joint selection of candidates.

Last night, Mr Smith said it was totally untrue that he was "making life difficult for Mr Steel. The trouble was that Mr Ross wanted a peaceful life. Mr Smith said that in promoting the idea of a deputy leader, he was only being blunt. "I am saying what I think. That is not stirring it up."

He was convinced the motion for a deputy leader would be approved at the assembly. He was receiving letters from all parts of the country in support of the idea. Even then, the party constitution would have to be amended to make it effective.

Writing in Liberal Clarion, Mr Roger Pincham, immediate past chairman of the party, said Harrogate "could easily prove the most ill-tempered and divided assembly the party has ever known."

"It is clear that the party leadership and rank-and-file are in a state of confusion. It is ridiculous to reduce the leader to a puppet figurehead. I am confident now that the move to deny the leader a final say in the manifesto will fail," he said.

Insurance switch starts travel trade controversy

BY ERIC SHORT

THE Association of British Travel Agents is changing its travel insurance arrangements from October — a move which has caused considerable controversy within the association.

Each year it recommends to its members a travel insurance package for the use of clients. But travel agents are free to use whatever insurance contract they desire.

The association's package however, offers comprehensive cover at a reasonable price compared with other contracts.

For the last five years it has recommended Extrasure, designed by insurance brokers Kersley, Procter and Day, but this time its insurance committee has recommended a package designed by Accident and General Insurance Brokers, and underwritten by a consortium headed by Western Australian Insurance Company, a leader in travel insurance.

Mr Ray Bernstein, chairman of the Association of British Travel Agents, said yesterday that the new arrangement offered better premiums, especially for longer holidays, with half price for children and wider cover including cover against the collapse of the tour operator and compensation for strikes or industrial action at hotels.

The new arrangement, known as ABTASure, will give travel agents 40 per cent commission, compared with 37 per cent previously. The association will still receive royalties.

Mr Ivor Elms, a former president, believes that the association's revenue from travel insurance will be cut because many holidaymakers will continue to take out an Extrasure policy.

Mr Mick Curry, Extrasure's managing director, said that the Extrasure policy would continue to be marketed aggressively, with travel agents getting 40 per cent commission. The premiums had been increased because of adverse experience by the underwriters.

Planning row halts abattoir construction

BY ROBIN REEVES, WELSH CORRESPONDENT

WORK on a new £8m abattoir in Anglesey, North Wales, was halted yesterday and the construction workers dismissed after a row over building regulations.

On Thursday Anglesey borough councillors backed their officers' finding that if construction continued as planned it would break statutory building requirements.

Mr S. M. Bague, managing director of the Halls Meat Company, which is building the abattoir, dismissed the work force at the 40-acre site yesterday morning and sent technical staff back to the company's base in County Mayo.

The new abattoir was due to be finished within a few months, an eventuality to employ 300. It is being built to handle 1,000 lambs a day and 1,000 cattle a week, with a significant proportion for export.

Since Anglesey is a Special Development Area, the abattoir has attracted a regional development grant of 25 per cent of the cost and a grant from the European Common Market.

The development has been criticised by the UK Meat and Livestock Commission as the product of "Welsh nationalist aspirations" which would damage the long-standing flow of Welsh livestock to English slaughterhouses and exacerbate a problem of excess capacity in the UK.

Jason Crisp on Sir Clive's latest technical breakthrough Sinclair declares mini-TV war

Sir Clive Sinclair's remarkable pocket-sized, black and white television marks the beginning of a battle with Sony, the leading Japanese electronics company.

Earlier this year Sony launched the Watchman, a similar, flat-screen pocket TV which costs £249 in the UK. Sinclair's TV at £80, is cheaper, lighter, smaller and, particularly important, the batteries last longer.

Sony is launching a smaller version of the Watchman in the U.S. costing \$200 (£133). Next year Sinclair Research will also launch its flat screen TV in the U.S., the first market outside the UK. The date and price has not been fixed although it is likely to cost less than the straight export equivalent of £80 (\$120).

Sir Clive, who has pioneered the world's cheapest home computers, started talking in detail about the proposed flat screen TV about three years ago. The launch was planned for early last year. Yesterday Sir Clive said the main reason for the delay was that the company had underestimated the time to establish the production line for the special tube.

This is like a long match box and the technical breakthrough has been in the vacuum forming method of making the tube. It is being made by Times, at Dundee, with automatic equipment developed and owned by Sinclair Research. Times also makes Sinclair Research computers — the ZX81 and the Spectrum. A labour dispute at Times earlier this year set back the launch of the TV, although the main reason for delay was production difficulties.

The other technical achievement has been to reduce the electronic circuitry of the television on to one integrated circuit, or microchip, which is being made by Feranti. Sir Clive claims it is the first television to use a single chip for its circuits. All television producers have been cutting back on the number of components as more and more are crammed on to microchips.

A number of clever features have been included on the microchip. The TV can detect which system of broadcasting is being used and will automatically adjust itself. This means the TV can be used in most countries other than France, which has the SECAM transmission system.

The set can also be used in the U.S. where there is a 525-line system, unlike the 625 system used elsewhere. However, the UK version receives only DFF broadcasts, whereas most television in the U.S. is broadcast on VHF so a different version is being developed for that country.

The flat-screen TV is the latest in a long line of innovations by Sir Clive. In the 1970s he was the first to develop the pocket calculator. His company at that time, Sinclair Radionics, rapidly got into difficulties because the Japanese quickly outpaced it with mass production which drove prices down.

Sir Clive believes he can forestall the Japanese this time because he has developed a fully automated production process. Sinclair Research also claims to have taken out a large number of patents worldwide on the television and the microchip.



Sir Clive Sinclair exhibits his 2-inch, multi-standard, flat-screen television.

Sinclair Research, founded in July 1979, has been highly successful making cheap computers. Earlier this month the company reported pre-tax profits of £14m on sales of £54.5m. The cheapest computer, the ZX81, costs £40 and the company sells a number of peripherals, such as a cheap printer.

Sir Clive is also developing cheap electronic town car and working on a number of applications for the flat-screen technology, including a colour television.

Brickworks buy out is stopped

By Roy Maughan

Plans by the management of Bowater Crossley to buy its three brickworks on Teesside came to a halt yesterday when Bowater Corporation, Crossley's parent company, announced that it is now negotiating to sell these assets to west country-based property, housebuilding and building materials group, C. H. Beazer (Holdings).

The three brickworks which employ 330 people, are sited on Teesside, Bishop Auckland and Gateshead and have a joint annual capacity to deliver 50m to 60m bricks. The buy-out, backed by Industrial and Commercial Finance Corporation with a mixture of debt and equity and Crossley's clearing banker, was put aside, because Bowater is now negotiating with Beazer.

Crossley was acquired by Bowater for £7.1m in the summer of 1978 when Bowater's main target was the builders' merchants depot network. Even at the outset Bowater said yesterday, it was uncertain of the outlook for the brickworks.

Six years later Beazer is preparing contracts which will offer £1.65m for the brickworks and a further £500,000 to £700,000 for its stockpile. Full details of the transaction are expected early next week but the deal is not likely to be completed for a fortnight.

The main emphasis of Beazer's recent acquisitions has been in the property development field where, although it failed with a bid for R. Green Properties, it acquired Second City Properties earlier this year. It holds a 17 per cent stake in Blockleys, a brick producer, and also recently acquired Westbrick in the same sector.

Lloyd's disclosure rules criticised by members

BY JOHN MOORE, CITY CORRESPONDENT

NEW DISCLOSURE requirements to be introduced in the Lloyd's insurance market may not have ensured that offshore arrangements effected by the outgoing Lloyd's chairman, Sir Peter Green, would have been revealed.

This warning came yesterday from the Association of Members of Lloyd's, representing 1,000 members. It came after disclosures by Sir Peter that up to £34m of his Lloyd's members' funds lodged offshore will be used to meet their future insurance liabilities.

"Under the current disclosure proposals," said the association, "it is doubtful that these transactions would have to be disclosed, so it seems that Sir Peter has set an admirable example by disclosing them."

But Mr Ian Hay Davison, Lloyd's chief executive, challenged the warning and said that the new proposals would ensure that Lloyd's market professionals would have to disclose any private interest in offshore companies with which their Lloyd's insurance syndicates traded.

The controversy follows disclosures by Sir Peter to underwriting members whose affairs he looks after of insurance transactions carried out with members' funds in an offshore company, Imperial Insurance, in which he had an interest.

Sir Peter has made his disclosures for the first time in writing to his members in recent weeks. Until now, there has been no requirement by Lloyd's to disclose these offshore deals and they have been largely shrouded in secrecy.

Sir Peter has told his members how offshore funds were treated after the Inland Revenue took an unsympathetic view of the way in which underwriters built up reserves for future insurance claims.

Sir Peter has said that the problem from the point of view of the Lloyd's professional had been "to justify to the Revenue, if challenged, that reserves for unreported losses are proper reserves and not tax avoidance. Thus schemes to overcome this problem had great attractions."

He has told his members how he discussed the problem with his insurance syndicate's principal insurance brokers, Bland Payne, and his auditors.

He said that a funding type of reinsurance was arranged in 1970. Half of the contract was placed with Montagu Insurance and Reinsurance, an associate of Bland Payne and

unrelated to Sir Peter's interests, which led on the risk. The other half went to Imperial Insurance Company, then based in the Bahamas, in which Sir Peter was a director and shareholder.

Money was channelled out of Sir Peter's insurance syndicates in the form of premiums to the companies and rolled over from year to year, building up the value of the funds, investment earnings were also rolled up in the value of the policy.

It was another policy was taken out with Imperial because of Sir Peter's concern about possible insurance claims. The brokers on the policy were Steel Burrill Jones, said Sir Peter in his letter, "who were the persons in Bland Payne who handled the first policy. They had left Bland Payne to set up their own company."

"These special fund policies are really part of a syndicate reserves," Sir Peter has told his members that "more constructive approach the Revenue... would remove any necessity for these so-called exotic policies."

Up to £34m of the fund lodged offshore are to be withdrawn and applied to offset the future losses of the syndicates in the usual premium arrangements. The fund policies have been terminated.

Underwriting members concerned that they have received a balance sheet for Imperial Insurance Company which is now based in Grand Cayman. They are looking for a fuller account of transactions effected overseas on their behalf in arrangements of which they have only been notified.

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Indeed, in 1982 the Britannia Japan Performance Fund was the best performing U.K. authorised unit trust specialising in that country.

Smaller Companies in Japan

Until relatively recently, foreign investors tended to concentrate their Japanese portfolios in large blue chip companies. However, in many cases it is the smaller Japanese companies which are in the forefront of innovation and which are exploiting the new specialist technologies now emerging.

To encourage smaller companies, the Japanese authorities are making it easier for them to come to the stockmarket to raise new capital. The new proposals will increase both the number of smaller companies quoted and the overall level of investment in this sector.

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Britannia American Smaller Companies Trust	£1,762	£2,729	£3,920
Britannia Japan Performance Fund	£2,014	£2,357	£2,863

* Annualised Percentage Return based on an initial investment of £1,000 on 1st September 1978. * Returns are from launch date November 1978.

early stages of the domestic economic recovery. Inflation in Japan is only 2% and with the trade surplus forecast to increase rapidly over the coming year, it is highly likely that the yen will appreciate against the pound sterling, producing an additional benefit for investors in sterling denominated funds, such as the Britannia Japan Smaller Companies Trust.

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Many of the companies held will be at an early stage of their development and not paying dividends. The Trust's estimated gross starting yield is therefore nil.

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Fixed Price of 10p until 30th Sept 83

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Max Wilkinson tells why the Treasury is to sell BP shares

The asset sale to quell a panic

JUST AFTER the general election in June, the Treasury got into a panic about the trend of public borrowing in the current year. That is the immediate reason for the £525m sale of 7 per cent of the Government's holding in BP.

The Treasury has never admitted publicly just how far the trend of borrowing seemed at that stage to be adrift from the £500m target for the public borrowing requirement in the full year, announced at the time of the Budget in March.

However, it seems likely that the Treasury's economists were then forecasting an overshoot of about £30m. Anything less would hardly have justified the Chancellor's hastily assembled package of spending cuts and increased asset sales, announced in July.

Even a projected overshoot of £30m would be less than the average error in the Treasury's budget forecasts for the borrowing requirement, although it has been published a study which suggests that, in recent years, the average error has been more like £2.5bn.

The £500m of spending cuts were the most which could plausibly be imposed on departments at this stage of the year. An additional £500m of asset sales was included to give the arithmetic a helping hand.

It was not originally stated which assets would be sold, and the Treasury caused a minor political row in late July by trying to slip the information into the semi-obscure of an unpublished, written Parliamentary answer.

This need not have caused much surprise, however, because the Government does not own many assets which could yield £500m at short notice.

The largest of the possible disposals would be a slice of British Telecom, which might yield up to £4bn, if it were valued as an electronics firm rather than as a public utility. Of the remainder, only a further sale of British Gas, or of British Telecom, would be able to yield the required amount in one go.

The announcement in July by Mr Nigel Lawson, the Chancellor, of his £1bn package was, however, more than an emergency response to a particular crisis. It underlined clearly two of the main aims of his policy for the next few years. The first is to prevent public spending from rising as a proportion of national output.

Warship yard privatisation

THE FULL report by Schroder Wagg, the merchant bank, on ways to privatise the warship yards of British Shipbuilders (BS) is likely to be delivered to the Government within two or three months, writes Andrew Fisher, shipping correspondent. A preliminary report will be made first.

Privatisation of the warship side is accepted in principle by Mr Graham Day, who took over two weeks ago as chairman of BS. Sir Robert Adkinson, the previous head, was strongly opposed.

Included on the privatisation list is Swan Hunter, the big Tyne-side yard which builds merchant as well as naval vessels. Cammell Laird on Merseyside is another yard

which builds for naval and private customers.

Cammell Laird, which also constructs offshore oil rigs, is keen to win one of the two forthcoming UK naval orders for a Type 22 frigate at £130m. Vosper Thornycroft, at Southampton, and Yarrow, on the Clyde, are also in the running.

BS, which only makes profits on the warship side, now has about £20m worth of warship orders. Yarrow and Swan Hunter are already building two Type 22a each for the navy.

The corporation, nationalised in 1977, has long been keen to build up its export sales of warships, where it has faced strong European competition.

The second, which has a quite separate ancestry, is to return to the private sector as many of those operations as might be able to operate in a normal commercial, though this does not seem to apply to the BP sale.

The general reason for wishing to sell government-owned assets springs from a fundamental belief that the private sector could operate many of them more efficiently, and be more responsive to the desires and needs of the public. It is also hoped that the private sector would make more explicit the link between benefits received and prices paid for services, which is often smothered under subsidies in the public sector.

These arguments have become confused recently with the separate question of what contribution asset sales could make to public finances, and

about £2.5-3bn would be raised from assets which the City would regard as being similar to normal private companies.

Government plans for asset sales

1983-84 1.23
1984-85 1.5
1985-86 0.5

Source: Public Spending White Paper and July announcement

crisis. It underlined clearly two of the main aims of his policy for the next few years. The first is to prevent public spending from rising as a proportion of national output.

The OFT's lawyers will also decide soon whether a further 20 agreements, revealed by the CWS, should also be banned. These agreements, covering the dairies' refusal to supply certain customers, need further clarification by the CWS.

One of the dairies named this week, Unigate, said yesterday that an internal review of trading practices "generally confirms the CWS' conclusion that the arrangements in question are historical."

It added: "In our opinion, where the dairy trade has agreed in the past to co-ordinate sales activities, this co-ordination has been motivated as much by the common concern of the industry to preserve the door-to-door delivery service as by any other factor."

GEC subsidiary set up to develop and sell software

FINANCIAL TIMES REPORTER

THE General Electric Company's internal development of computer software and the marketing of the best of existing software is to be handled by a new subsidiary, GEC Software.

The subsidiary will oversee large software developments previously controlled by GEC Telecommunications, Marconi Avionics, Marconi Radar, Marconi Space and Defence, and GEC Computer Services, based at Chelmsford. Its first year budget is expected to be £20m.

Mr Derek Roberts, GEC director of research and development, said yesterday the subsidiary was intended to be "a clearing house for software already developed and marketing and selling the best of it. But it will be also responsible for sponsoring new work and using software development staff within the group more efficiently."

GEC Software would begin as a "small corps" based in one of the group's central London offices, opening in three to four months. This group of

particularly to the reduction of public borrowing.

As a matter of definition, sales of assets reduce the borrowing requirement and thus, from an accounting point of view, the BP sale will help the Government edge closer to its target.

However, from an economic point of view, asset sales are more like those of gilt-edged stock and might be regarded as a way to finance the underlying borrowing requirement, rather than to reduce it.

These largely theological arguments might become important in terms of City sentiment, if sales of assets assume a larger importance in relation to total sales of government debt.

This seems unlikely, however, much the Government might want to return enterprises to the private fold. The table, which shows the amount of money the Government might raise by selling parts of its holdings, suggests that only

GOVERNMENT ASSETS	
Candidates for sell-off with approximate proceeds	
	£m
British Telecom	4,000
BP second tranche	500
Britoil second tranche	500
British Gas oil interests	400
Wytham Farm oil	160
Cable and Wireless	200
British Aerospace	200
British Nuclear Fuels	100
Jaguar Cars	100
Naval shipyards	100
Royal Ordnance factories	100
Sealink	40
Unipart	100

Source: James Capel estimates

about £2.5-3bn would be raised from assets which the City would regard as being similar to normal private companies.

Powell says Howe 'subservient to U.S.'

BY JOHN HUNT, Correspondent

MR ENOC POWELL, the Minister of State for South Down and a former Conservative Cabinet minister, yesterday made a strong attack on the conduct of foreign policy by Sir Geoffrey Howe, the Foreign Secretary.

He also criticised the foreign policy of successive British governments and argued that this had led to complete subordination to U.S. policies which had ended in failure. He called for a radical revision of the British aims towards a more independent stance.

Speaking to the Bridgewater Conservative Association, Mr Powell accused Sir Geoffrey of "courting humiliation" by making a series of unrealistic demands on the Soviet Union over the shooting down of the Korean airliner.

He said the Foreign Secretary's demand — for an apology, compensation, admission of guilt and punishment of the guilty — might "be described as lunatic."

Mr Powell said he was "shocked and incredulous" when he heard the list of demands. In his opinion, the shooting down of the aircraft concerned Britain only marginally.

He also believed there was no justification for the British peace-keeping force in the Lebanon. "It does not matter to the United Kingdom and its people who is in Beirut or who governs Beirut—the matter is one of the utmost indifference to the United Kingdom."

Mr Powell maintained that these policies were adopted so as to please the Americans. Successive British governments in the past 30 years had "flinched" the UK in relation to the U.S. without justification. Britain had been subordinated to the huge miscalculations and misconceptions of U.S. policy.

Driving schools favour Datsun

BY KENNETH GOODING, Motor Industry Correspondent

MORE than 35 per cent of all cars used by driving schools in the UK are Japanese and the Datsun Sunny has topped the Ford Escort from its long-standing position as the instructor's favourite.

The figures come from the Driving Instructors' Association which for the past four years has monitored the situation, and insures about a third of Britain's 26,500 driving instructors.

The top 10 models are: 1, Datsun Sunny with 18.71 per cent; 2, Ford Escort 18.31; 3, Ford Fiesta 9.59; 4, Austin Metro 7.59; 5, Austin Rascal 6.67; 6, Datsun Cherry 3.59; 7, Mazda 323, 2.61; 8, Toyota Corolla 2.35; 9, Vauxhall Chevette 2.39; 10, Toyota Starlet 2.35.

Unions fix dates to meet Tebbit on changes to law

BY JOHN LLOYD, INDUSTRIAL EDITOR

UNION leaders have agreed two dates for the first rounds of what promises to be an exceptionally delicate series of negotiations with Mr Norman Tebbit, the Employment Secretary—one before and one after the Labour Party conference in the first week of October.

The first meeting on Monday will be concerned with the forthcoming legislation, likely to be one of the first major Bills in the new session of Parliament. Mr Tebbit has made clear that any changes which the TUC's representatives might bring about are likely to be minor.

The second meeting, on October 19, will be concerned with the issue of the political levy on union members, which helps to finance the Labour Party. The Conservative Government promised in their manifesto for the General Election in June to consult the TUC about this.

The possibility has been mooted of changing the present system whereby a union member pays the levy unless he or she has contracted out, to one whereby the member only pays if he or she has contracted in. Such a change would carry obvious dangers for the size of funds the unions can channel to the Labour Party.

The largest problem for the unions in both meetings is how far they are prepared to negotiate with Mr Tebbit. The TUC gave a substantial majority vote in favour of talking to the Secretary but union leaders remain split over whether to use the meeting simply as a propaganda device to display the Government's intransigence, or to attempt to moderate what they see as the worst features of the proposals.

Much will depend on how conciliatory Mr Tebbit is prepared to be, and how much change he

is willing to entertain. He has said that drafts for legislation on union democracy have been thrown up by a number of different bodies—but many in the TUC believe these should be allowed to pass into law, so that the measures may be more easily opposed then.

The talks on the political levy are likely to be the more open of the two because—in theory at least—the Employment Secretary starts with a clean sheet. He has said that, if the TUC presents him with a method of ensuring that all union members are made fully and periodically aware of their rights in the matter, he will consider that as an alternative to contracting-in.

However, the TUC has not yet developed a proposal in the area. Also the results of a survey of unions' views on the legislation, including the political levy, have yet to be analysed.

Decision day for journalists' fight

BY DAVID GOODHART, LABOUR STAFF

THE EXECUTIVE of the National Union of Journalists will today have to decide whether to risk a potentially explosive political fight over the Government's recent employment legislation or instruct nine of its members working on the Stockport Messenger newspaper to return to work.

A court in Manchester yesterday found that the union was in contempt of court for failing to instruct its members to end their industrial action on the newspaper after the granting of an interim injunction on September 6.

Although costs were awarded against the union, the judge, Justice Hodgson, did not fine the union for contempt in the hope that the executive would end the action today.

The dispute is one of the first to have involved the 1982 Employment Act and rose over an instruction from the union to its members on the Stockport Messenger not to pass on copy to printers not members of the National Graphical Association. The association is in a separate recognition dispute with the newspaper.

The 1982 Act as well as outlawing such sympathy action, also allows the union's national officials to be "joined" in the action and opens the union's funds to possible sequestration.

Both the National Union of Journalists and the TUC still have firm policies of ignoring the 1980 and 1982 Acts and con-

tinuing "business as usual," although in at least one previous case the Transport and General Workers Union has ducked taking on the legislation by "repudiating the action of its members."

The journalists' union would have difficulty now in quietly disavowing the action in order to protect its funds. Most of the nine journalists taking action were originally reluctant to do so—partly because of the complexities of the National Graphical Association dispute.

Mr Simon Howarth, the National Union of Journalists branch officer in Stockport, said last night: "If the union gives us the leadership we will follow." But no members of the branch will be travelling to today's executive meeting and they might decide on Monday to call off the action regardless of the executive's decision.

From a relatively safe distance, the National Graphical Association is making militant noises about mass pickets in Stockport and the Print Industries Committee of the TUC has called on the General Council to make its fighting fund, which stands at about £739,000, available to the journalists in the event of sequestration.

But the TUC will also be reluctant to become involved, particularly as the original recognition dispute with the National Graphical Association followed a ballot of print workers which came out against a closed shop.

Talks on seamen's pay claim open cautiously

BY JOHN LLOYD, INDUSTRIAL EDITOR

TALKS ON pay rises for the country's 25,000 seamen opened cautiously yesterday with both sides prepared to indulge only in light skirmishing.

Mr Jim Slater, general secretary of the National Union of Seamen, presented a claim for an unspecified rise on the basic rate of £78 a week, improved overtime rates and longer holidays. He warned the General Council of British Shipping there would be "serious trouble" if the shipowners attempted to attain their offer to the Government target of 3 per cent.

The council's formal response will be delivered on November 3, but the offer is certain to be low. The council said yesterday that the economic position of shipping had continued to worsen, and pointed to the 14 per cent of world shipping capacity now laid up.

Mr John Keville, the council's chief negotiator, said last night it would be a "very modest" offer.

Average pay rates in the industry are more than double the basic, because of the overtime worked. An adult seaman receives an average of £155 a week while on ship, falling back to £102 a week on leave.

Last year's pay rise was 5.6 per cent, giving a £4 rise on basic rates and pro rata rises on overtime rates.

Mr Slater told the council that both the Government and the shipowners were at fault for the continued decline in the British merchant navy fleet.

MacGregor-miners' union relations seem to thaw

MR IAN MACGREGOR, National Coal Board chairman, had talks yesterday with union officials during a visit to Wylow mine in Selby coalfield, Yorks.

The meeting over lunch was in marked contrast to a complete boycott by union officials at Wearmouth colliery, Sunderland, at a visit there last week by the chairman.

Since the recent "friendly" meeting between Mr Arthur Scargill, president of the National Union of Mineworkers, and Mr MacGregor, aged 71, relations appear to have thawed.

Mr MacGregor, asked if he expected a confrontation over pay this winter, said: "I have no idea. Lots of people make statements that turn out to be correct. The British are great talkers and a great number talk too much. But when it comes to the nitty-gritty, the British are great workers."

He said Wylow, where floods have delayed production, was going to be a great mining problem but men and management were tackling these together.

Football blackout continues

BY DAVID GOODHART, LABOUR STAFF

THERE WILL be no soccer on TV tomorrow for the second Sunday in succession because of an industrial dispute between the television companies and the Association of Cinematograph, Television and Allied Technicians.

The dispute centres on the loss of work for technicians after the centralisation of TV soccer into one London Week-end and television networked programmes.

The scrapping of some regional football programmes followed the deal between the Football Association, the BBC and the ITV companies, which included an agreement to cover fewer matches.

Local branches of the union—backed by the national TV branch—are claiming the right to edit matches before sending them to LWT. The loss of editing would mean forgoing high overtime payments.

Mr David Sumner, industrial relations director of the Independent Television Companies Association, said last night: "The industry has decided on a new programme format and we intend to do it in the most cost-effective way possible." There were also important issues of editorial control at stake.

There will be a further meeting on Tuesday.

Vauxhall production hit again

VAUXHALL WAS hit again yesterday when 1,000 workers at its Luton car factory walked out in protest at its latest pay offer of 0.5 per cent. Production of the Cavalier car was halted.

About 75 cars with a showroom value of about £400,000 were lost in the three-hour stoppage by members of both transport and engineering unions.

At the Ellesmere Port factory, a walk-out by 150 electricians affected production of the Astra car and van and the Chevette.

Stoppages during the last two weeks have cost Vauxhall well over £3m in lost production and they are expected to continue until new talks between management and unions start next week.

The present pay offer is in two stages over 15 months.

CORRECTION

In the advertisement which appeared in the Financial Times on 15/9/83, on behalf of Elbee International Incorporated the name of the collecting agents should have been Bank of Credit and Commerce (Emirates) — Abu Dhabi, instead of Bank of Credit and Commerce SA London. All branches of Bank of Credit and Commerce (Emirates) are acting as collecting agents.

Vanbrugh Currency Fund

STATEMENT

Following the Chancellor of the Exchequer's recent statement on offshore and overseas funds, investors may appreciate the following notes relating to Shares in the Fund.

- 1. Income Shares**
Dividends, reflecting the income received in respect of the related assets, have been declared at six monthly intervals. It is the current intention to continue this practice.
- 2. Capital Growth Shares**
Currently, all income accruing to the related assets is accumulated, or "rolled up" as capital within the Fund. When the Shares were launched the Prospectus stated that it was the present intention of the Directors of the Fund not to recommend the payment of dividends in respect of these Shares. The Directors will review this policy when details of the proposed legislation are known.
- 3. Conversion between types of share**
There are already facilities for Shareholders to convert their shareholdings between Capital Growth Shares and Income Shares if desired. Details are given in the current prospectus

- 4. Further Information**
The proposed legislation relates only to "roll up" shares such as the Vanbrugh Capital Growth Shares. The Managers have been advised that the Vanbrugh Currency Fund is constituted in such a way as to enable investors to remain in the Fund (possibly by switching between classes of share) without any adverse consequences which might arise from the continued holding of "roll up" shares.
- No action need therefore be taken at the moment in relation to present holdings of Vanbrugh Capital Growth Shares.

R.L. Sutton

Chairman

Vanbrugh Fund Management International Limited

16th September 1983

Vanbrugh Fund Management International Ltd.
28/24 Hill Street, St. Helen, Jersey, Channel Islands, Tel: 0534-36281

Economic Diary

Tomorrow: Department for National Savings monthly progress report (August). Post Office engineering union special conference to oppose Government's privatisation plans. Wembley Conference Centre. Deadline for U.S. reply to EEC demand for reduced import tariffs in compensation for steel restrictions. International World Energy conference, New Delhi. Mr George Bush, U.S. Secretary of State, continues east European tour Bucharest.

Monday: Liberal Party assembly (until September 23), Harrogate. Cyclical indicators for U.K. economy (August). Marc Rich hearing, New York. EEC foreign affairs meeting, Brussels.

Mr Thatcher begins two-day visit to Holland; attends talks on EEC financial problems, Amsterdam. Caribbean islands of St Kitts and Nevis gain independence from Britain. Princess Margaret attending, St Kitts. U.S. delegation arrives in Peking to discuss final details of nuclear co-operation agreement. Latin American central bank governors meet in Caracas to discuss foreign debt negotiations. Tuesday: Gross Domestic Products (first quarter provisional). British Tourist Authority annual report. EEC special

council meeting, Brussels (and 21st). Mrs Thatcher visits European Space Research Centre before moving on to Bonn. Dutch budget. UN General Assembly reconvenes, New York. Commonwealth Finance Ministers meeting, Port of Spain. Mr Richard Luce, Foreign Office Minister, visits Singapore (and 21st).

Wednesday: National income and expenditure 1983 edition Blue Book (postponed from September 15). New construction figures (July). Association of Metropolitan Authorities annual meeting, Tynemouth. speech by Mr Patrick Jenkin, Environment Secretary. Mr George Bush returns to U.S. Mrs Thatcher meets Chancellor Kohl, Bonn.

Thursday: Countrywide Commission annual report. Britain and China resume talks on Hong Kong, Peking. IMF meeting, Washington. Bundesbank council, Bonn. Mr Casper Weinberger, U.S. Defence Secretary, leaves for visits to China, Japan, Pakistan and Italy.

Friday: Sales and orders in the engineering industries (June). Informal meeting of EEC Energy Ministers, Athens. Corries to debate 1984 budget, Madrid.

WHICH SHARES TO BUY

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U.K. CONVERTIBLE STOCK 17/9/83

Name and description	Size (£m)	Current price	Terms*	Conversion dates†	Premium‡		Flat yield	Red yield	Current	Range§	Income	Equi Conv¶	Div? Current	Cheap (+) Dear (-) ¶
British Land 12pc Cv. 2002	9.80	287.50	333.3	80-81	4.2	1.2	2.7	—	4 to 8	43.7	64.0	7.3	—	+4.8
Hanson Trust 8pc Cv. 01-06	51.54	227.00	107.1	85-01	4.3	1.6	—1.5	—	5 to 1	104.7	71.3	—14.5	—	-13.1
Slough Estates 10pc Cv. 87-90	5.03	231.50	234.4	78-84	4.4	—	—8.4	—	12 to -1	6.5	4.8	—	0.6	+8.7
Slough Estates 5pc Cv. 91-94	24.72	111.00	97.5	90-98	7.3	6.4	4.4	—	—8 to 14	21.1	28.1	6.6	—	+2.2

* Number of ordinary shares into which £100 nominal of convertible stock is convertible. † Three-month range. ‡ Income on number of ordinary shares into which £100 nominal of convertible stock is convertible. § This income, expressed in pence, is assumed from present time until income on ordinary shares is greater than income on £100 nominal of convertible stock. ¶ Conversion date whichever is earlier. Income is assumed to grow at 10 per cent per annum and is greater valued at 12 per cent per annum. † Income on £100 of convertible stock is assumed to be £12 per cent per annum. ‡ Income on £100 of convertible stock is assumed to be £12 per cent per annum. § This income, expressed as per cent of the value of the underlying equity, is an indication of relative cheapness. ¶ Second date is assumed date of conversion. This is not necessarily the last date of conversion.

THE WEEK IN THE MARKETS

Reversing through 700

The Government Broker took the opportunity of a strong gilt market on Monday to launch a new £1bn short-dated tap. Equities, however, had a miserable week. Share prices went weak at the knees on Tuesday and the FT-30 Share Index slipped down through 700 for the first time since mid-July.

Yet the City was preoccupied with other matters. Around the bars of Throgmorton Street dealers' conversations were peppered with rumours about the Government's sale of BP shares and the changes within the Stock Exchange. At long last proposals have been made to allow lay members on to the Exchange's exclusive ruling Council.

As for BP, it produced endless debate. Was the offer going to be delayed? Was the Treasury going to opt for tender pricing? How deep was the fracture between Government and oil company over the Rorties Field? The guessing game ended first thing yesterday.

More from BTR

Never mind falling volumes, BTR produced its characteristic good figures this week. At the pre-tax level the group declared itself ahead by almost £10m to £58.3m for the first half of this year. However, Tilling was something else. BTR has not consolidated its new subsidiary because it only came in at the turn of the period, but it has certainly had a go at redrawing Tilling's figures.

Mr Owen Green, BTR's chief executive, has written off £30m against Tilling's energy equipment activities in the States, reducing Tilling's half-time

LONDON

figures to a loss of £1.4m. Mr Green's view of things certainly casts a different light on Sir Patrick Meaney's defence forecast of a profits recovery to £9m for Tilling this year. Only now can the market see how vulnerable Tilling was to BTR's record-breaking £950m cash and equity offer.

Having got Tilling down to a level where its profits line can only go one way, BTR's next priority will be to shake some cash out of its new subsidiary. The year-end balance-sheet for the enlarged group will probably show a mountain of debt equal to more than 85 per cent of shareholders' funds. And that assumes a fairly large valuation of Tilling assets. So far, the BTR men seem to be shunning the easy route of hanging "For Sale" signs over some of the assets it has acquired.

Hanson recoups

Hanson Trust is beginning to recoup a substantial part of the £260m it paid for UDS Group in the spring. It will have £144m in the bank by the end of this month when it sells UDS's John Collier, Richard Shops and William Timpson retail chains to their respective managements and may yet receive more if, as is suggested, the Orbit Electronics audio-visual stores are sold to Dixons, the photographic equipment retailer.

All interested institutional investors will receive details of

the John Collier and Richard Shops £104m financing proposals early next week and Hanson has already signed contracts for the £40.4m sale of the Timpson shoe shops and shoe repairs subsidiary.

Timpson, a family controlled quoted company, was acquired by UDS for £238m 11 years ago. Now, Mr John Timpson, the managing director, is buying the business back with the help of a consortium of institutional investors which was put together by Candover Investments, a specialist in buy-outs of this type.

The board and family trusts will hold a majority of Timpson's equity but the bulk of the finance is coming from the institutions which will be buying the related properties and leasing the sites back to the company.

Is Woolies working?

The half time figures from Woolworth may look encouraging but equally they emphasise just how far the new management, injected during last year's institutional coup, has left to travel. Getting some semblance of stock control into place at a time of buoyant consumer spending has got the trading profit moving up from £2.2m to £12m though the heavy burden of debt has meant another loss of £6.3m against £18.7m interest charges but before property disposals.

The bright spot was the DIY chain B and Q where operating profits of £7m on sales of £100m

MARKET HIGHLIGHTS OF THE WEEK

	Price	Change	1983	1983
	7 day	on week	High	Low
F.T. Govt. Sec. Index	81.15	+ 1.17	83.60	77.00
F.T. Ind. Ord. Index	694.2	-10.7	740.4	598.4
F.T. Gold Mines Index	642.1	-58.9	734.7	531.5
Allstate Expt'n	48	+ 9	50	32
Barroora Tea	200	+50	200	84
BP	426	- 8	452	296
Douglas (Robert M.)	60	-15	82	60
Garnar Booth	98	+10	106	60
Mellins	110	-20	240	92
Pacific Copper	77	+12	78	46
Pearson (S.)	370	+38	374	270
P. & O. Defd.	222	+ 9	226	108
Polly Peck	430	+ 4	435	413
Solex A	63	+11	63	23
Staveley Inds.	218	-34	305	218
Strong and Fisher	55	+ 8	62	27
Tecalemit	46	+16	46	19
Turner and Newall	65	+ 7	71	24
UKO Int'l.	96	+10	97	33
Wheeler's Restaurants	485	+125	485	275

is a good margin for the sector. Even the traditional High Street Woolworth stores seem to be getting something right. The timing of price cuts has proved far more effective than the previous management's Operation Crackdown and with volume up net margins have been going the right way.

Improvements during the current six months are unlikely to be as impressive, though with the usual seasonal swing Woolworth could end up with pre-tax profits of £15m under its belt. That may be doubled if property profits are added in. Yet profit projections for this

year are virtually academic and anyway there will inevitably be some ugly stock write downs.

Turning Turner

Having been high on the corporate danger list Turner and Newall looks almost ready to be discharged from the intensive care ward. Under the skilled knife of Sir Francis Tombs disposals and working capital constraints have chopped £70m off group debt bringing it down to £88m.

The resultant drop in interest charges, which were almost halved to £6.6m in the six

months to June, combined with a small uptick in operating profits has returned T&N to the black. Pre-tax the group made £4.9m against a loss of £4.5m in the first half of 1982. In its last full year T&N produced a pre-tax loss of £19.3m and after extraordinary items wound £72.1m off its reserves.

For the year T and N could be up around the £12m to £14m pre-tax mark despite the recession in parts of Africa and India which is putting a brake on the rate of recovery. The period of major disposals is probably over and now the task ahead is to crank up trading margins

Up and then down

NEW YORK

TERRY DODSWORTH

MARKETS live from day to day. But in one spectacular period this week, the New York Stock Exchange showed how perilously they live from hour to hour.

It all happened on Monday, and it was perfectly predictable that there would be an explosion of some kind. The money supply figures on the previous Friday had proved far better than Wall Street analysts had predicted. So the bond market had reacted by leaping up a couple of points, the dollar had strengthened, and the way was open for the equity market to follow. It did just that—20 points in an hour, with volume rising to 31m shares in the same period, the sort of figure that had not been seen all summer.

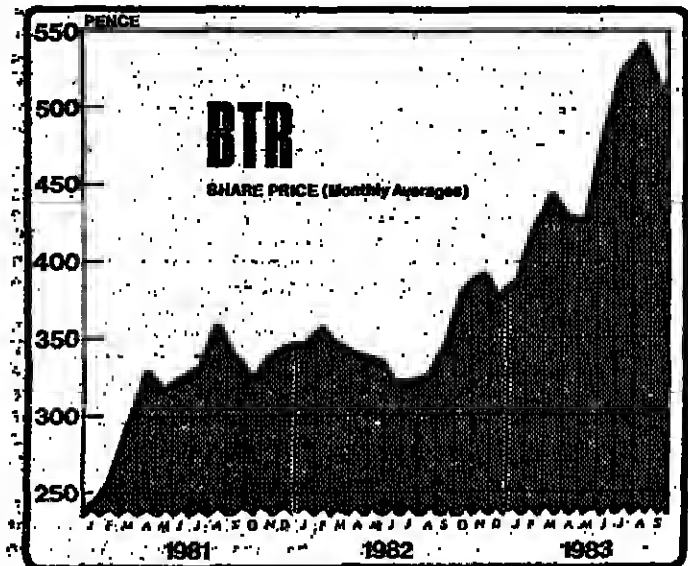
Then a lot of the big institutions had second thoughts. Even if the money supply experts had proved over-optimistic for three weeks in succession, surely it was unlikely that they could be totally wrong. The bad figures were just being delayed—and anyway, there were some very juicy profits to be taken at these near record levels. Like the Duke of York's troops, the index marched all the way back again travelling through a 30 point spread before finishing 10.67 points off

on the day. The Dow Jones Industrial Average failed to recover from this debacle during the rest of the week, drifting forlornly down.

Given the inaccuracy of Wall Street's forecasting, there was a certain poetic justice in the fact that the stocks that were the most convincingly hammered in this retreat were those of the security houses—although, of course, the type of volume generated on Monday can only help them. Merrill Lynch started the rout by issuing a statement saying that its earnings would show a fall in the current quarter compared with a year ago.

Despite the overall volume decline, however, the market still seems plugged into the growth psychology. Over the last few weeks this mood had pushed up sectors like steel and aluminium which will benefit from the second leg of the economic recovery. More recently, attention has been focused on the chemicals industry, which has been pounded by three very lean years, but should soon begin to show the benefits of higher demand in the profit and loss accounts—overheads have been cut and breakeven points substantially cut during the recession. This week both Dow Chemical—at \$361, and Du Pont, at \$323 have both traded at very close to their twelve month best.

MONDAY	1,229.07	-10.67
TUESDAY	1,224.09	-4.98
WEDNESDAY	1,229.47	+5.38
THURSDAY	1,215.04	-14.43



Gold Fields looking for cover

MINING

GEORGE MILLING STANLEY

THE SHARE market can usually be relied upon to make a pretty accurate assessment of company results, but sometimes it takes a little longer to appreciate the full significance of the statements which normally accompany such an announcement.

The London share price of Consolidated Gold Fields dipped to 600p before the release of the figures for the year to June 30 on Tuesday, as nervous shareholders began to wonder whether the group could match the more optimistic estimates of pre-tax profits not far short of £90m.

The price rallied to close the day at 614p after the announcement of profits of £39.7m and an unchanged final dividend of 18p, making a total for the year of 24.5p.

This last was particularly well received, as several of the more pessimistic commentators had suggested that there might have to be a cut in the payment.

Wednesday saw the price edge downwards 2p in a market generally unsettled by the decline in the gold price, and the same happened on Thursday.

Friday's drop to below the 600p level was the first substantial movement since the initial advance on the good news about the results, and suggests that the market has at last taken notice of the chairman's remarks about the immediate outlook for dividends.

Mr Rudolph Agnew made it clear that Gold Fields is unhappy with a dividend which is covered only 1.2 times by earnings, as was the case in 1982/83, or even the 1.6 times of the previous year.

He went on to explain that the group is really looking for a dividend which is twice covered by earnings, on average over the whole cycle of metal prices.

The priority now, he said, is to restore the level of dividend cover. That would seem to leave little scope for any rapid increase in the payment unless earnings improve quickly, and that in turn is largely dependent on the gold price.

As far as bullion is concerned, Mr Agnew said he does not expect any excitement in the next few weeks. There should be no need for a substantial re-rating of the shares, however. Gold Fields has shown courage in maintaining the latest payment at the expense of a fall in dividend

cover, which would be unacceptable over the long term, and was wise to base its decision on prospects for the next couple of years.

As Mr Agnew pointed out, the group has simply been performing one of the prime functions of a UK-based mining finance house, namely to smooth out the income stream to shareholders from what is essentially a very cyclical business.

That is precisely what Gold Fields' dividend payments have done, in real terms, over the past 15 years of extremely volatile metal prices.

With the painful surgery necessitated by the group's ill-judged and ill-timed ventures into non-mining activities in north America behind it, Gold Fields should soon be in a position to resume the pattern of growth.

This will not be immediate, however. The better performance of the 48 per cent-owned Gold Fields of South Africa, following the rise in the gold price, was not accompanied by a comparable increase in dividend payments. This group, too, opted to improve cover, and simply maintained the previous year's level.

That shareholding is not, of course, the group's only interest in South African gold mining. Gold Fields also has substantial direct shareholdings in many of the individual mines, and dividends received from this source jumped by 27m to £25m last year.

Unless there is an explosion in the gold price, or a marked deterioration in the rand/dollar exchange rate, there is not much chance of a repeat performance in the current financial year.

The mines in the Gold Fields group have produced their annual reports this week, too, and none of the various chairmen held out any real hope of increased dividends this year.

The best that shareholders, including Gold Fields, can look for seems to be maintained payments, and even that hope depends on a number of imponderables.

The statements included the customary caveats about the course of the gold price and currency parties, but the mines will also have to cope with new problems this year in the shape of the growing militancy of the black miners' trade union, the National Union of Mineworkers, and the continuing drought in the country.

This latter has not so far affected power supplies to the mines, and there have been no indications as to how power will be rationed between the general public, mining and other industry in the event of cuts.



Who's made
£1,100,000,000,
who can lift
1,760,000lbs,
who gets
11,000,000 laughs?

One of the most consistent performers over many years among the major British business groups has been BET. With an annual turnover of over £1,100,000,000 BET continues to show encouraging growth.



Much of BET's success is due to the concentration of its companies into six areas of expertise worldwide. Its strength is in having a particular management talent that makes these companies flourish.

These companies are leading names in the areas of; consumer and capital electronics; entertainment and leisure; publishing; freight and passenger transport; services to industry, and construction related activities.

Two subsidiaries, J D White and Grayston, hire out many of the biggest capacity mobile cranes in the country.

Thames TV, in which BET is a 50% shareholder, has the largest potential UK audience of any commercial contractor.

As Nicholas Wills, Managing Director of BET, remarked in a recent interview, "We have a talent for identifying major market opportunities for our companies. And a rare talent for helping them seize these opportunities."

If you would like to know more about the forward thinking that sets BET apart, write for our illustrated book. It's called 'The talent that makes companies flourish'. It will show how we can produce such attractive figures.

BET

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For your copy of 'The talent that makes companies flourish' write to: Information Dept, BET PLC, Stratton House, Piccadilly, London W1X 6AS.

UNIT TRUSTS

A look at three new funds launched this week

Sending your money up north

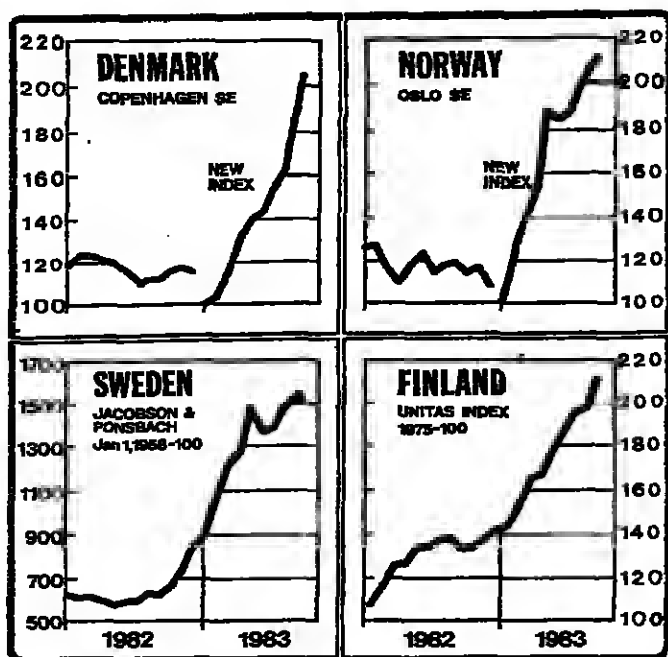
HAMBROS BANK this week launched the first unit trust to invest exclusively in the four major Scandinavian stock markets.

The four markets—those of Sweden, Denmark, Norway and Finland—have been among the top five performing stock exchanges in the world for the first six months of the year. The trust will adopt a relatively high-risk profile by investing in only 25-30 companies in Scandinavia. The emphasis will be on companies in the high technology sector, including energy and biotechnology.

Hambros is perhaps the best placed of London Merchant banks to manage a Scandinavian fund, because of its long standing banking and trading ties with the region. And the Hambros team has been strengthened by the appointment of outside advisers from the major Scandinavian banking and investing businesses.

The advisers will play an active role, both in the weighting of the portfolio between the countries and in the selection of individual stocks. There is a suspicion, however, that the fund may have been launched a year too late. The Swedish stock exchange, the largest of the four, has already risen 40 per cent in the first six months of the year, and the Norwegian Stock market by 36 per cent. But Hambros believes that the rapid advances will continue particularly in the Norwegian and Finnish economies.

To protect investors from unfavourable exchange rate fluctuations, Hambros has included a hedging facility in the trust. Units in the trust will



The Scandinavian stock markets

be offered at a fixed price of 30p each from September 18 to October 3.

Andrew Arends

Health for your wealth

UK INVESTORS are being offered their first opportunity to put money in the healthcare sector through managed funds. Two investment companies are launching rival unit trusts this week.

The fund being launched by Henderson Unit Trust Managers will invest in four primary areas—private hospitals and hospital facilities, drugs, medical equipment and ancillary services such as computers and hospital catering. Geographically 60 per cent of the initial portfolio will be invested in North America, 20 per cent in Europe and 20 per cent in the Far East, mainly Japan.

Henderson's whose investment performance record has been among the best in the UK during the past five years, decided to launch the Global Healthcare Unit Trust in the light of the disproportionate contribution that healthcare stocks have made to their North American funds, particularly their American Smaller Companies Trust. About 20 per cent of their North American portfolios is in the healthcare sector.

The managers claim their ability lies in spotting small undervalued companies that have recently moved into the sector. The fund will adopt an aggressive profile containing only 30 to 40 stocks.

The other fund is being launched by Citicorp, the highest U.S. banking group, in Jersey. Its portfolio will be more diverse, containing about 250 companies, and emphasis is being placed on medium-sized U.S. companies specialising in biotechnology and diagnostics.

The group already runs a similar fund in the U.S. which has shown a 100 per cent appreciation since it was launched just over a year ago. But the new Jersey-based fund is unlikely to appeal to smaller investors as its minimum investment is \$25,000.

Clive Wolman

CAPITAL TRANSFER TAX ...

Forget the value—look at the form

In the concluding article in this series, CLIVE WOLMAN surveys some of the less used ways of holding your property to cut the tax bill.

THE AMOUNT of Capital Transfer Tax you will have to pay on your property depends not only on the value of the asset. What is often more important is the type of property and the way in which it is held.

The graph shows the assets passing on death in estates of four different values, in the UK 1980-81. Of these assets, the most tax-efficient to hold are insurance policies, some forms of land, trade and partnership assets, unlisted securities in businesses which you personally own but not your home.

The wealthier you are, the more important it is to hold your wealth in these forms.

These are a few of the devices used by the wealthy to take advantage of specific reliefs from CTT on certain categories of property:

- Buying up a sleeping partnership or private company to use the 50 per cent relief granted to a personally owned business whose shares are unquoted.
- Becoming a name at Lloyd's where a similar relief is available on the money deposited to cover underwriting losses.
- Buying agricultural land or farm buildings.
- Making an investment in forestry or woodland. Through buying shares in a forestry trust, even small investors can make use of the CTT and other tax reliefs.

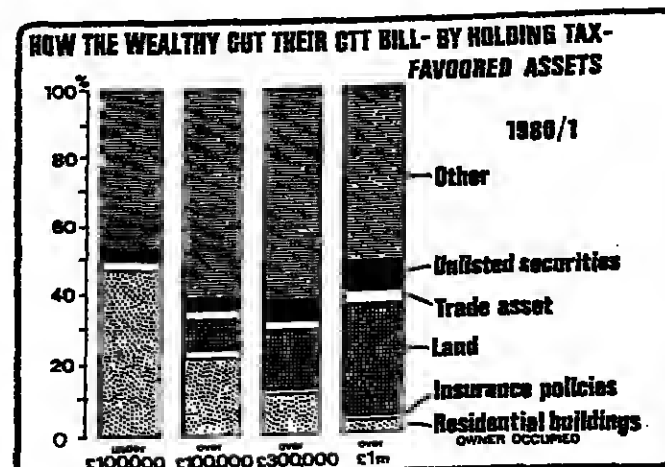
The most tax-efficient form of holding your property without surrendering any significant control, is through a discretionary trust, with yourself as one of the trustees.

Use your annual CTT exemption on gifts of up to £3,000 and your ten-yearly exemption worth £60,000 by transferring assets from your estate into the trust.

The last Labour Government imposed a 10-yearly "wealth tax" on assets in discretionary trusts and a further charge on payments out of the trust.

But if there is one thing as certain as death and taxes, it is the existence of tax loopholes. The complex way in which discretionary trusts are taxed means that trusts holding a small amount of assets are effectively taxed at a lower rate than wealthier trusts.

So a major saving will be made by setting up lots of little trusts on successive days. If the property put into each of the trusts comprises bonds or other non-income-producing assets, the accountant and other administrative costs are minimal.



capital are forgone.

The size of the discount granted by the taxman is indicated by Legal and General's Illustration of a couple in good health aged 65 and 63.

They make a gift in the form of term and endowment insurance policies of £101,000. But

because they retain the right to receive an income (equal to 3 per cent of the value of their invested capital) until they both die, the value of the gift is deemed to be only £43,800 for CTT purposes.

According to Brian King of Christchurch tax consultancy,

even a woman of 67, one of his clients, who made a gift of £95,000 had a discounted value of £43,800 for CTT purposes.

One advantage is that the gift has an immediate effect at the discounted value. Ten years later, you can switch the clock back to zero and use up your full 10-yearly exemption once more.

The disadvantage is that the scheme has little flexibility if circumstances change. You cannot retrieve your capital nor can you alter the potential beneficiaries who will receive it on your death, although the trust deed gives you some scope for manoeuvre between designated beneficiaries.

In their simplest form, term assurance policies can be an effective way of covering the cost of any CTT likely to arise on your death.

The premiums may be paid out of the £3,000 annual CTT exemption and they will normally attract the standard 15 per cent tax relief as well. The policies must be written in trust to ensure they reach the intended beneficiaries.

LAUNCH ANNOUNCEMENT

Fidelity Sterling American Fund Limited

"The height of the dollar is absurd."

A proposition referred to by Samuel Brittan, Financial Times 11.8.83

"... an attractive new vehicle to invest in the U.S. stock market without the currency risk."

EC Johnson 3d, Chairman, Fidelity Sterling American Fund Limited

Investment Aims

Fidelity International (CI) Ltd. announces the formation of Fidelity Sterling American Fund Limited, the aim of which is to invest in U.S. equities and at the same time minimise exposure to the currency risks caused by movement in the dollar/pound exchange rate, by using a number of currency 'hedging' techniques. The Fund is a Jersey open-ended investment company.

Background

In recent years sterling has generally depreciated against the dollar, leading to significant currency gains for U.K. investors in the American stock market. However, there have been periods, particularly 1977 to 1980, in which sterling made significant gains. If the pound goes through another period of strength, which many experts believe could happen, this would have an adverse effect on the sterling value of investments in U.S. equities. The Fund has therefore been designed to maintain exposure to the investment attractions of the American stock market and yet minimise any currency risk.

Switching Facilities

Investors will be able to switch free of initial charge from the Fund to Fidelity's two U.K. authorised unit trusts investing in America and then vice versa, depending on their own currency views. As a guide, Fidelity

recommends that conservative investors should hedge 50% of their American investments.

Initial Offer

The initial offering period for the Fund is from 12th-20th September 1983.

This announcement does not constitute an offer of shares for subscription or purchase. Further particulars of the Fund are contained in the prospectus on the basis of which alone applications for shares may be made.

To: Philip Van Nessel, Director,
Fidelity International (C.I.) Ltd.,
9 Bond Street, St. Helier, Jersey.
Tel: Jersey (0534) 71096

Please send me a copy of the prospectus and application form for Fidelity Sterling American Fund Limited.

Name _____
Address _____



LAWSON PENNY SHARE FUND

POSEIDON, POLY PECK, LONDON & LIVERPOOL... fortunes have been made and lost in penny shares. Timing and supervision is vital.

LAWSON PENNY SHARE FUND will invest in a spread of shares, currently quoted in pence (or the equivalent overseas), aiming to select a few future star performers. The objective is capital growth. This new unit trust is speculative; we suggest you commit only a small part of your assets to this fund. The minimum holding is only £400.

FIXED PRICE OFFER AT 15p.
Until Friday 23rd September 1983.

A wide range of trustee security authorised by the Department of Trade. The price and the income can go down as well as up. An initial charge of 5% is included in the price. A monthly fee of 0.15% - VAT is deducted from income and/or capital. Only accumulation units are available (net income reinvested). Trustee and Registrar: Clydesdale Bank PLC (Member of the Midland Bank Group). Auditors: Ernst & Young C.A. During an offer units may be bought and sold daily, otherwise on Wednesday. **LAWSON FUND MANAGERS LTD., 43 CHARLOTTE SQUARE, EDINBURGH EH2 4HL. TEL: 031-225 6001.**

APPLICATION FORM

Sendings a cheque payable to Lawson Fund Managers Ltd. to be invested in Lawson Penny Share Fund.

MIN. HOLDING £400

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Address _____

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THE CHANCELLOR AND OFFSHORE ROLL-UP FUNDS.

We have prepared a note for offshore fund holders about the chancellor's statement, advising them on what action to take.

If you want a copy or wish to talk to us personally just pick up the phone or fill in the coupon.

Telephone Reg Burrows on 01-606 9833 between 9am and 5pm weekdays.

To: Reg Burrows, Brown, Shipley & Co. Ltd, Founders Court, Ladbroke, London EC2R 7HE.

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Address _____

Brown Shipley

MURRAY CALEDONIAN INVESTMENT TRUST PLC

MANAGERS: MURRAY JOHNSTONE LIMITED

Results for the year ended 30 June 1983

	1983	1982
Equity shareholders' interest	£81,680,897	£52,638,926
Asset value per share	98.0p	63.2p
Revenue available for ordinary shareholders	£2,978,839	£2,270,509
Earnings per ordinary share	3.65p	2.79p
Ordinary dividend per share - interim	1.33p	1.00p
- final	2.35p	1.80p
Capitalisation issue in B ordinary shares	4.0336%	3.30724%

A capitalisation issue of one new share of the respective class for every two ordinary shares or B ordinary shares held was made in April 1983. The 1983 interim dividend per ordinary share and the 1982 figures per share have been adjusted to give ready comparison.

Investment Policy

The policy is to attain a high income return with security and growth of capital.

Highlights of the Year

- * Revenue available to ordinary shareholders up 31.2% to £2,978,839
- * Total dividend up 31.4% to 3.68p per share on increased capital
- * Net Asset Value up 55% to 98.0p per share

Prospects

The directors intend to continue their policy of increasing revenue and expect to be able to recommend dividends for the current year totalling 4.40p per share, an increase of 19.6%. This policy will necessitate a further transfer of funds from overseas to the United Kingdom.

Distribution of assets as a percentage of shareholders' equity.

	1983	1982
Equities	50	50
United Kingdom	70.8	67.1
North America	13.8	19.6
Japan	7.5	4.4
Far East	4.0	5.1
Europe	5.0	3.4
Other Americas	0.6	0.7
South Africa	0.7	0.3
Bonds and Cash	102.4	100.6
United Kingdom	1.7	1.8
North America	21.4	20.1
Europe	0.7	2.2
Net Cash	(0.5)	2.2
Total Assets	23.5	26.3
Less prior charges at nominal value	125.9	126.9
	25.9	26.9
	100.0	100.0

Copies of the report may be obtained from the Secretary, Murray Caledonian Investment Trust PLC, 163 Hope Street, Glasgow G2 2UH.

YOUR SAVINGS-2

OFFSHORE ROLL-UP FUNDS

Sell out, buy back and watch for the loopholes

THE END is nigh for what has become the most popular tax avoidance scheme ever to be marketed to the British public.

On Thursday the Chancellor, Mr Nigel Lawson, announced that legislation would be introduced to kill off the offshore roll-up funds which are designed to convert income into capital.

But investors need not withdraw their money until December 31. Even after that, some of the funds, in particular Lazard Brothers Sterling Reserve Fund, may be able to exploit some of the loopholes in the legislation to continue offering the same service.

Investors in these funds, whose combined value now comes to nearly £1.5bn, receive interest at a rate similar to that offered by the UK onshore money market funds. But the interest is ploughed back to boost the value of the fund. Only when he withdraws his money is the investor liable to tax, not on the income but on the "capital gain". After inflation adjustment the current effective rate of tax is between only 0 and 15 per cent, instead of the 30 to 75 per cent rates on investment income.

The funds have soared in popularity since last September

when the Inland Revenue decided it was unable to tax the profits from them as income under existing legislation.

The new rules will be incorporated into the 1984 Finance Act next March, Mr Lawson said, but will be back-dated to have effect from January 1. However provided you withdraw your money before that date, you will be liable only to CGT and not to income tax on the profits.

Rothschild's Old Court International Reserves Fund, the largest, has no entry or exit charges and several of the other funds have a similar policy. So even if you have just put your money into one of these funds, you should suffer no penalty.

Another concession made by Mr Lawson, probably for administrative reasons, is that future investors in the roll-up funds will suffer income tax on their profits only when they withdraw money from the fund. This means that higher rate taxpayers may defer their liability to tax until, say, their retirement when their marginal tax rate is likely to be lower.

But the Inland Revenue's lawyers are likely to face great difficulties in drafting suitable legislation. Lazard's fund is one which is designed to avoid re-

ceiving any income itself. For example, it will sell bonds at an augmented price shortly before the dividend is payable.

In effect the process of converting income into capital gains is taken further back along the line. Legislation to stop such "dividend stripping" dates back to the 1920s but it has never been wholly successful.

As Mr John Kay, director of the Institute for Fiscal Studies, said on Thursday: "The roll-up funds illustrate a much wider problem. The distinction between income and capital gains on which the UK tax system is based fundamentally an arbitrary one."

The best policy may be to cash in your holdings in the last week of December and then reinvest a week later in one of the roll-up funds which has a facility for avoiding the receipt of income, and which imposes no entry or exit charge.

If the new rules in March-April fail to clamp down on such a fund, you will. Even if they do clamp down on such a fund, you won't lose if you withdraw. Or you can stay in and defer your tax liability.

Clive Wolman

Putting money with Lloyd's

INDIVIDUALS seeking a stake in the prosperity of the Lloyd's insurance market, the City's unique commercial club, must first show that they have wealth of at least £100,000.

Once inside Lloyd's the new member must produce a deposit in funds or some other acceptable security before trading can be carried out on the member's behalf by the Lloyd's professionals.

Lloyd's is concerned that no professional underwriter should expose his clients to more risk than they can bear. Lloyd's relates the amount of insurance business which can be carried out on a member's behalf to the private wealth of the member.

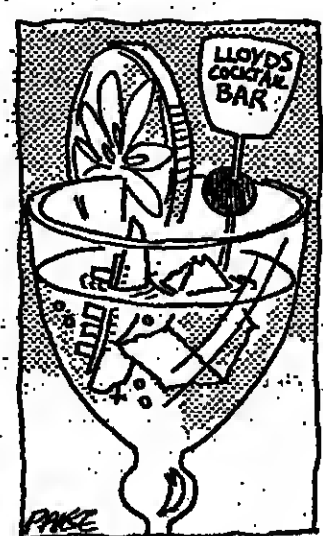
If an individual declares that he has a £100,000, a maximum of £200,000 of insurance business can be accepted on his behalf.

A member's deposit is held in trust and is available solely as security for his underwriting liabilities. The level of deposit is regularly reviewed by the Lloyd's ruling council.

If a member shows wealth of £100,000 and £200,000 of insurance premiums in the market are accepted by his underwriter, then the deposit must represent 25 per cent of the amount of business accepted in this instance, £50,000. But a minimum deposit of £25,000 must be lodged.

Members joining Lloyd's do not normally use up the full amount permissible and the deposit required is strictly related to the amount of business actually carried out on their behalf.

JOHN MOORE continues his series on becoming a name in the insurance market.



As an alternative to cash deposits, Lloyd's is prepared to accept some contracts issued by approved insurance companies as collateral. Under these arrangements a life assurance company provides a guarantee to Lloyd's that in the event of a cash call on a member, the company will provide cash up to a pre-determined level. Such guarantees may be used to

cover 100 per cent of a Lloyd's deposit by a UK member.

An element of portfolio management is provided by the underwriting agent. All members of Lloyd's are grouped into syndicates, ranging from a few members to thousands of members. At the head of the syndicate is a professional insurance underwriter who transacts business for the 17,000 members of Lloyd's who are not insurance specialists.

The syndicates specialise in various classes of insurance business, such as marine (the insurance of ships and their cargoes), aviation, motor or general insurance business. The agent will ensure that a member of Lloyd's participates in a range of syndicates, so that if one syndicate does badly, its performance will be offset by the good performance of another.

Here is an example of a member joining Lloyd's with wealth of £100,000 and a premium limit of £200,000. Perhaps £70,000 of his premium income limit will be allocated to a marine syndicate, another £70,000 to a general insurance syndicate, another £20,000 to an aviation syndicate, while £20,000 of his overall underwriting limit may be held in reserve for allocation to another syndicate at a later date. The professional underwriter on the syndicates is not allowed to exceed the limits set by Lloyd's on the amount of business to be accepted on the member's behalf.

● Next week: Tax advantages.

NOTICE TO INVESTORS IN

CHANNEL ISLANDS "ROLL-UP" FUNDS

It has been announced that legislation is to be introduced to cancel the tax advantage previously enjoyed by investors in Channel Islands based "Roll-up" Funds. Consideration must now be given by these investors to the secure and remunerative redistribution of their portfolio of liquid assets.

THE MONEY MARKET TRUST

A domestic sterling money fund, managed by Tullett & Riley Money Management Limited, part of one of the world's largest moneybroking groups, which offers through THE MONEY MARKET TRUST CALL FUND (min. bal. £10,000) and THE MONEY MARKET TRUST 7 DAY FUND (min. bal. £2,500) high interest deposit account services with the finest security.

HIGH INTEREST

Very high interest, paid gross, is achieved by pooling together in trust smaller deposits which are then placed in large amounts in the London Money Market.

FINEST SECURITY

Your funds are invested only with the Clearing Banks, their subsidiaries and Local Authorities. Unlike some other money funds, the trust status ensures that you retain the legal beneficial interest in your share of these underlying placements.

SIMPLICITY

Even easier than a cheque book. Usually a telephone call to our dealers on 01-236 0952 is enough.

For further details write to THE MONEY MARKET TRUST, Ormond House, 63 Queen Victoria Street, London EC4N 4ST or telephone

01-236 0952

Invest in the Healthcare Revolution.

Most of us invest in Healthcare—as potential patients. We pay NHS contributions. More and more take out medical insurance, and pay attention to diet and fitness. Along with food, clothing and shelter, Healthcare is an essential element for survival in human life.

From a less personal point of view, Healthcare is also increasingly an essential element in the world economy. In Britain we spend over 5% of our entire National Product on Healthcare. In Japan the figure is 5.8% and in the United States it is more than 10%. These figures greatly exceed what we spend on education and vie with defence for top place.

Not only is expenditure on Healthcare very large; it is growing. We are now advancing the frontiers of medical knowledge daily; and as we do so, we bring new

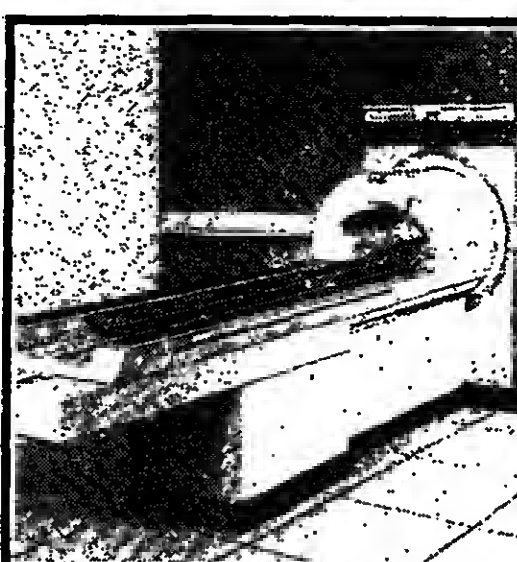


treatment, prevention and relief where it never existed before. All this costs increasingly large sums of money—money which people all over the world are prepared to find and spend, whether through taxes, insurance or privately.

Moreover, the steady increase in Healthcare expenditure is not affected by economic cycles; people's Healthcare needs do not change during a recession.

The Healthcare sector has been described as the 'classic recession-proof investment'. Nowhere does the opportunity for intelligent investment appear more strongly based.

All the more surprising, then, that Henderson Global Healthcare Unit Trust is the first UK authorised unit trust to invest exclusively in Healthcare. It thus offers a unique opportunity.



There are four main sectors within the industry:

1. Facilities

Spending on Healthcare facilities is rising in North America, the Far East, the Middle East and in Europe, be it on hospitals, nursing homes for the elderly, clinics for the psychiatrically disturbed, specialist units for the treatment of drug and alcohol abuse, convalescent homes or gymnasia for fitness.

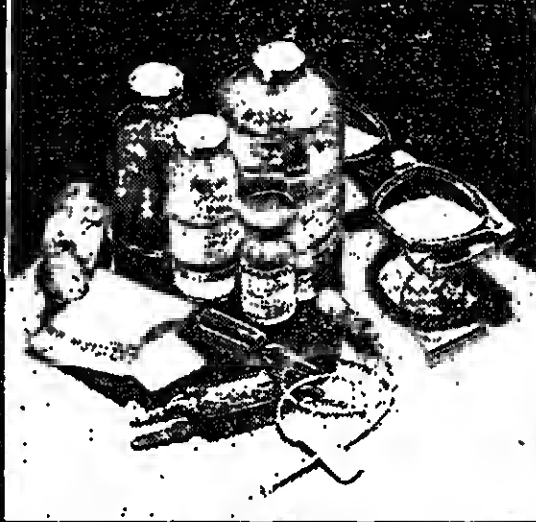
Investor-owned medical facilities are a major factor in this expansion, and some of these offer investment opportunities of the highest quality.

The demand worldwide is for a modern and caring service, and for cost efficiency. Whether funds are provided by the State or by public investment, the consumer will demand a rising quality of service. Those companies that contribute to it will prosper. Henderson Global Healthcare Unit Trust will invest in such companies.

2. Drugs and Treatment

Today hundreds of thousands of people around the world are treated by prescription for illnesses which as little as ten years ago would have required hospitalisation. The cost-saving arguments for ever greater investment in research by pharmaceutical companies are compelling. Government regulatory bodies understand well the need for a reasonable return on investment so that funds continue to be available for the next generation of discovery.

Twenty-one years ago two scientists, one British and one American, were awarded the Nobel prize for developments in genetic engineering. Their discovery not only created a potentially huge new industry but led to expressions such as 'genetic engineering' and 'cloning' becoming commonplace. Under laboratory conditions it is possible to clone blood or even skin.



Photographs: B.R.C. Central Library; Nursing Times; Vicker International.

Henderson Global Healthcare Unit Trust will be investing in such pioneering areas of the future, as well as in more established pharmaceutical companies—from Japan to the United Kingdom, from Switzerland to North America.

3. Equipment

Detached retinae can now be fixed by laser and severed limbs sewn back by micro-surgery. These examples are the most recent public demonstrations of a further medical revolution, this time in the area of equipment manufacture.

Again, over a very short period of time, the miraculous has become commonplace and commercial. The blind, by wearing a special vest, can 'see' well enough to assemble micro-circuits; the expectant mother knows more about her unborn child through sonar techniques; and electromagnets scan the body

more accurately and safely than any X-ray. Diagnostic equipment continues to evolve as rapidly as pharmaceuticals; the manufacture of artificial joints and limbs becomes ever more sophisticated; recalcitrant fractures can be fused by electromagnetic therapy.

Investing in medical equipment companies can be hazardous. The pace of development is fast and this year's breakthrough can be obsolete next year. Investment management skill is vital. The managers of Henderson Global Healthcare Unit Trust believe they have the experience to exercise such skill.

4. Support Services

Medical care does not exist as an entity in isolation. Hospitals would soon grind to a halt without catering or laundry services, without supplies of materials or clinical laboratory testing services. As expenditure on Healthcare grows so the cost to governments, insurance companies, employers and individuals rises; and the demands are then for greater efficiency. Thus the provision of efficient computer-based facilities is one of the fastest growing areas of the entire Healthcare sector. Admissions, patient records, financial controls, stock controls and communication systems all lend themselves to cost-saving computer-controlled handling.

This revolution may not seem so obvious in the UK until you remember the way in which the NHS is increasingly being asked to look at its costs, and to consider privatisation of services, be it for cleaning and catering or for contracting out actual patient operations.

The world of Healthcare is constantly innovative but cannot survive without its basic infrastructure. This need creates the opportunity for intelligent investment.

First Unit Trust of its kind.

For all the attractions of the Healthcare sector, selecting the investment which will be successful is not easy.

Many of them are based overseas and up-to-date information will constantly be necessary as the rapid pace of development in Healthcare progresses.

The launch of Henderson Global Healthcare Unit Trust provides the first opportunity for unit trust investors to participate directly in this industry. It is the first British unit trust of this kind.

The objective of the trust is to achieve maximum capital growth for investors—income is not an important consideration and the initial starting yield is estimated at just 0.01% p.a.

Initially around 60% of the trust's portfolio will be invested in the USA, with a further 20% going into Japan and 20% into Europe. Up to 5% of the fund may be invested in private companies when suitable opportunities present themselves. The Managers will draw upon existing close contacts in the

USA and upon the expertise of Henderson Baring Management Ltd. in Japan in identifying prospective investments.

The managers are confident that this new trust is exceptional in terms of its potential for successful investment.

You can invest at the fixed launch offer price of 50p. Simply return the application form below, either direct or through your professional adviser. Offer closes Oct. 7th 1983.

Remember that the price of units and income from them can go down as well as up.

Henderson Global Healthcare Unit Trust.

Additional Information

An initial charge of 5% (on the assets equivalent to 5% of the issue price) is made by the managers when units are issued. Out of the initial charge, the managers pay remuneration to qualified intermediaries; rates are available on request. The Trust Deed provides for an annual charge of 1% (plus VAT) on the value of the Trust to be deducted from the gross income to cover administration costs.

Distributions of income will be paid on 4th October each year. The first distribution will be paid on 4th October 1984. Half-yearly reports on the progress of the Fund will be issued in April each year. Contract notes will be issued and unit certificates will be provided within eight weeks of payment. To sell units endorse your unit certificate and send it to the managers. Payment will normally be made within seven working days.

Unit Trusts are not subject to capital gains tax; moreover a unit holder will not pay this tax on a disposal of units unless the total realised gains from all sources in any tax year amount to more than £2,500. Prices and yield can be found daily in the Financial Times. Trustee: Midland Bank Trust Company Limited. Managers: Henderson Global Healthcare Unit Trust Management Limited, 26 Finsbury Square, London EC2A 1DA (Registered Office) Reg. No. 856263. A member of the Unit Trust Association. The Henderson Group also manages Pension Funds, Investment Funds, Offshore Funds, Exchange Traded Funds and Client Portfolios. This offer is not available to residents of the Republic of Ireland.

To: Henderson Unit Trust Management Limited, Dealing Department, 5 Rayleigh Road, Hutton, Brentwood, Essex CM15 1AA. Tel: 0277 217238.
I wish to buy _____ units in Henderson Global Healthcare Unit Trust at the fixed price of 50p per unit (minimum initial investment £500).
I enclose remittance of £ _____ payable to Henderson Unit Trust Management Limited.
This offer will close on 7th October 1983. After the close of this offer, units will be available at the daily quoted price. SHARE EXCHANGE SCHEME. Our Share Exchange Scheme provides a favourable way to switch into this Unit Trust. For details please tick box or telephone Ken Oliver, our Share Exchange Manager on 01-638 5757.
(If there are joint applicants each must sign and attach names and addresses separately)

Surname (Mr/Mrs/Miss) _____

First Name(s) _____

Address _____

Signature (s) _____ Date _____

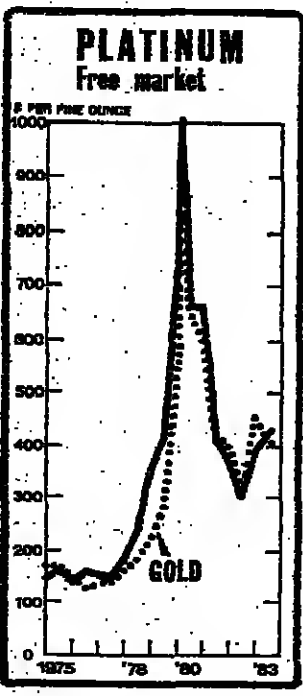
Henderson. The Investment Managers.

YOUR SAVINGS AND INVESTMENTS=4

METALS

Why King Croesus got it wrong

CLIVE WOLMAN looks at investing in a metal about to challenge gold on the mass market—platinum



THE CATASTROPHE theorists, who fear a collapse in the world's banking and monetary systems, will next week be offered an alternative "ultimate asset" to hoard away alongside their gold.

The two major world producers of platinum, the South African-based Impala and Rustenburg, will be putting on sale platinum coins and bars for the small investor.

Rustenburg will be launching its platinum ingots products next Wednesday and Impala is to follow suit a few weeks later. Their aim will be to challenge the monopoly of gold as the only commodity to be bought and held in substantial quantities by small investors.

The two metals share several characteristics, which make them attractive to investors. Only small amounts of each are mined every year. In 1982, the figure for platinum was about 2.5m ounces.

The total estimated reserves of each metal buried beneath the ground is tiny. And most of those reserves are in South Africa, with the Soviet Union also holding sizeable chunks.

But according to Philip Taylor, of stockbrokers Rowe and Pym, the reserves of platinum are still enough to last for 450 years at the present rate of consumption. And the

current market price is well above the costs of mining and distributing, which come to about \$250 to \$300 an ounce. In a future recession, both the South African mining companies and investors could be tempted to produce and dump large stocks on to the market, driving down the price.

As the graph shows, the prices of gold and platinum tend to move in line although last year the price of platinum fell below that of gold for the first time in seven years.

During the 1970s, both metals enjoyed the reputation of

being "counter-cyclical" assets. When the price of your stocks and shares was falling through the floor, at least you could take comfort in watching the value of your gold rise.

But following the two price peaks gold and platinum achieved in 1980, they followed the world stock markets down with only a short lag.

But that is where the similarity between the two metals ends. For whereas gold is a precious metal, bought primarily for decorative and investment purposes, platinum is a strategic metal which plays a vital role in several industries.

Much of the allure of gold lies in the mythology surrounding it. The sales brochures are full of references to King Croesus of Lydia and the religious ceremonies of the Sumerians and ancient Egyptians.

Platinum's history, by contrast, goes back only 240 years. But the aesthetic qualities of this white, silvery metal should not be dismissed.

The Japanese are the world's largest consumers of platinum and 70 per cent of their demand is for jewellery. And it may be possible to shift the tastes of Americans and Europeans by clever marketing, as De Beers showed with their diamonds in the 1930s and 1940s. But so far Rustenburg's efforts in the U.S. and UK have had a mixed response.

The industrial uses of platinum mean that ultimately demand has a more secure basis than the whims of human vanity on which gold depends. The applications of platinum stretch

from auto-emission controls to glass, chemicals, synthetics and electronics. The use of platinum in electrolytic fuel cells is expected to be a major source of demand by the 1990s.

However, the possibility of using substitute strategic metals in most of these processes will tend to keep a lid on the price of demand by the 1990s.

Dr Fred Collinder, the geologist and mining consultant at stockbrokers Strauss, Turnbull, forecasts that, in the medium and long term, the price of platinum should remain well above that of gold. At present the price is depressed by the large stockpiles waiting to be dumped on the market. But these will be swiftly removed by a sustained economic recovery.

However, he points out, platinum coins have several drawbacks. The premium to be paid for a coin over the "raw" metal will be greater than that for Kruggerands, because platinum is more difficult to work. And platinum coins will also be easier to forge.

Over the past ten years, platinum has proved a more volatile and therefore riskier investment than gold (see graph). This risk can be reduced however if you spread your purchases over three to four years.

But remember, if Johnson Matthey's marketing boys can't persuade you that platinum is full of mystique, beauty and heat and virility, or is a girl's best friend, then think twice before buying it: the only "dividend" you receive for as long as your capital is holed up in the stuff is the pleasure from looking at it and showing it off.

CONFUSION HAS been created by the abrupt announcement from the London Metal Exchange that it is to introduce its own compensation fund scheme to protect private clients.

Details of the planned fund are distinctly hazy, because the Exchange at the moment has consulted only its member companies for their views, and nothing has been finalised. Initial suggestions are that the Exchange will create a cash fund, backed up by members' guarantees and possibly an insurance policy against "catastrophes".

However, to emphasise that the compensation fund will be designed to cater only for small private clients, the Exchange said the scheme would only guarantee to "pay out a maximum of £7,500 per individual."

This figure is based on the maximum compensation allowable under the deposit protection scheme of the 1979 Banking Act. The principle is that large speculators can look after themselves and it is the small investor who needs special protection.

Protecting the small metals speculator

JOHN EDWARDS on a compensation fund scheme proposed by the London Metal Exchange

It is understood that the Bank of England has given the nod of approval to the Metal Exchange's plan.

But it came as a bombshell to the Joint Exchange Committee, made up of representatives from all the London futures markets—including financial futures, all the "soft" (non-

metal) markets and the London Metal Exchange.

It hoped to present a united front to Professor Jim Gower in time for his revised report on investor protection to demonstrate that the futures markets can regulate itself.

After the recent scandals concerning commodity companies, involving the loss of investor funds, Professor Gower is in favour of more positive action.

The go-it-alone decision of the LME and the meagre compensation it is offering may persuade Gower to compel co-operation between the futures exchanges by legislation. Otherwise members could be involved in several different compensation funds at the same time.

PROFIT FROM JAPAN'S DYNAMIC SMALLER COMPANIES



Growth in the Indices for the two Sections of the Tokyo Stock Exchange since January 1983

Japan has an unsurpassed track record for capitalising on technology. In the 1960s and 1970s it was the huge mass production companies which led the way. Today it is the turn of smaller more entrepreneurial companies. Using advanced microchip technology to improve and develop products, they are forging ahead and bringing rich rewards to investors.

Exceptional growth prospects

As the figures above show, investment in smaller Japanese companies (which dominate the Tokyo Stock Exchange Second Section) has on average proved twice as profitable as in larger companies listed in the First Section. Furthermore, we believe the Second Section has only begun to show its paces.

Launched in July this year, Japan Smaller Companies Fund was the first UK authorised unit trust to focus on the Second Section. Already the Fund is valued at £3.3 million.

Investment is mainly in companies with a market capitalisation of under \$50

million Yen (approximately £137 million). The Fund will be actively traded and is diversified across a wide range of sectors.

On-the-spot expertise

Drawing on the resources of our associate company, Jardine Fleming Securities Limited, Tokyo securities dealers on the Tokyo Stock Exchange, the Fund managers will benefit from continuous updating on the progress of Japanese smaller companies.

Enhance your portfolio

Just as we believe the Fund has greater growth potential than most other unit trusts,

there is also a corresponding reduction in risk. The Fund is primarily intended to add a new dimension to your existing investments or to complement a holding in our Japan Growth Fund.

How to invest

To invest, complete and return the coupon together with your cheque. Investments of £1,000 or more in the Fund received by 23rd September 1983 qualify for a 1% free allocation of units, the cost of which is borne entirely by the Managers. On 14th September 1983 the offer price of units was 30.3p and the estimated gross yield 10.0% p.a. Remember the price of units and any income from them may go down as well as up.

General Information

Objective To provide long-term capital growth through investment in Japanese smaller companies. Dealing in units is normally by cheque or cash on any working day. Certificates will normally be forwarded within 14 days. When units are sold, payment is normally made within 7 working days of our receiving renounced certificates. Prices and the yield are quoted in leading newspapers. Net income distributions (if any) 12th June each year.

Charges Initial charge: 5% plus a rounding adjustment not exceeding the lower of 1% or 1.25p per unit, which is included in the offer price of units. Redemption charges: 1% plus a rounding adjustment not exceeding the lower of 1% or 1.25p per unit. This charge is payable on request and will be paid to authorised professional advisers. Half-yearly charge: 1/2% of the value of the Fund plus VAT (which is deducted from the Fund's assets to meet Managers' expenses, including Trustees' fees).

Investment powers The Managers have executed a supplemental trust deed enabling them to purchase and write traded options subject to the limitations laid down by the Department of Trade.

Safeguards The Fund is authorised by the Secretary of State for Trade.

Trustees Bank of Scotland, Managers Save & Prosper Securities Ltd, 4 Great St. Helens, London EC2P 3EP. A member of the Unit Trust Association.

SPECIAL OFFER 1% FREE ALLOCATION OF UNITS MUST END FRIDAY

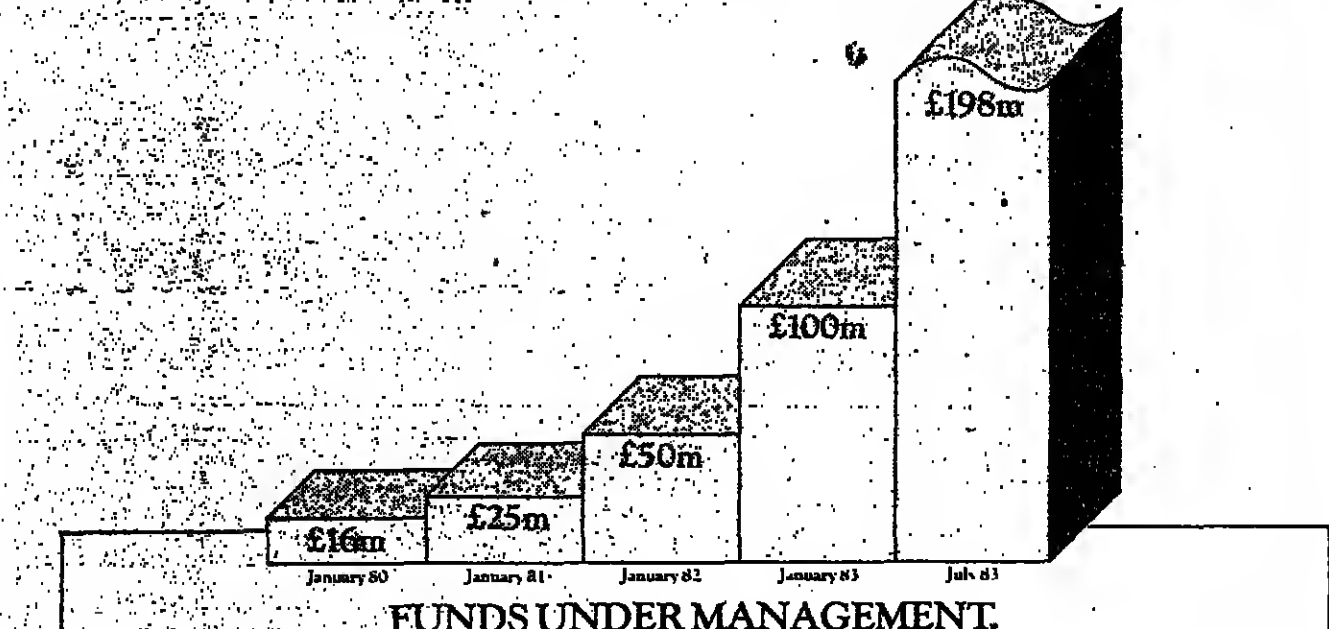
When you invest £1,000 or more in Japan Smaller Companies Fund

To Save & Prosper Securities Ltd, Administration Centre, Hexagon House, 28 Western Road, Romford RM1 3LB. Tel: 0708-669666.

I wish to invest £..... (minimum £250). First Name(s).....
or £1,000 to qualify for the free 1% allocation of units in Save & Prosper Japan Smaller Companies Fund at the offer price ruling on receipt of my application. I enclose a cheque made payable to Save & Prosper Securities Ltd, I am over 18. I would like distributions of income to be reinvested in further units.
*Please delete if not applicable.
This offer is not available to residents of the Republic of Ireland. Reg. in Scotland No. 19474. Reg. office for 13 Queen Street, Edinburgh EH2 4NX.

Address.....
Postcode.....
Signature.....
Date.....
Existing Account No. (if any).....

AGENT'S STAMP FOR OFFICE USE ONLY
R.R. R.A. R.C. R.D. R.E. R.F. R.G. R.H. R.I. R.J. R.K. R.L. R.M. R.N. R.O. R.P. R.Q. R.S. R.T. R.U. R.V. R.W. R.X. R.Y. R.Z.



IF YOU'RE INVESTING FOR GROWTH, HERE'S A GROWTH RECORD TO INVESTIGATE.

Last year, Mercury Fund Managers didn't appear among the largest twenty Unit Trust groups. This year, we've risen to twelfth place.

Furthermore, when you realise that Mercury's funds under management have grown from £50 million to £198 million in just eighteen months, you may conclude that the trend is trying to tell you something to your advantage.

One advantage is that Mercury—part of Warburg Investment Management, the investment subsidiary of S.G. Warburg & Co. Ltd.—have extended their range of funds (the latest is Mercury Japan, launched in June 1983). As a result, Warburg expertise is working for you across a wider spectrum of investment opportunities than ever before.

Another lies in the performance of the funds themselves. For example: Mercury General—among the top performing UK general funds. Mercury Gift—launched in early 1981, and third in its sector over the

12 Months to 1st July 1983 (Percentage Return from Planned Settings, July 1982)	
Mercury American Growth	+61.7%
Mercury General	+44.2%
Mercury Gift	+25.4%
Mercury Income and Recovery	+49.5%
Mercury International	+55.8%
Mercury Japan	launched June 1983

MERCURY Mercury Fund Managers—part of S. G. Warburg & Co. Ltd.

To: Mercury Fund Managers Ltd, St. Alvens House, Goldsmith Street, London EC2P 2DL. Tel: 01-600 4555.

Please send me information on the following Mercury funds. (Please tick the appropriate boxes.)

Mercury American Growth Fund	<input type="checkbox"/>
Mercury General Fund	<input type="checkbox"/>
Mercury Gift Fund	<input type="checkbox"/>
Mercury Income and Recovery Fund	<input type="checkbox"/>
Mercury International Fund	<input type="checkbox"/>
Mercury Japan Fund	<input type="checkbox"/>

Name.....
Address.....



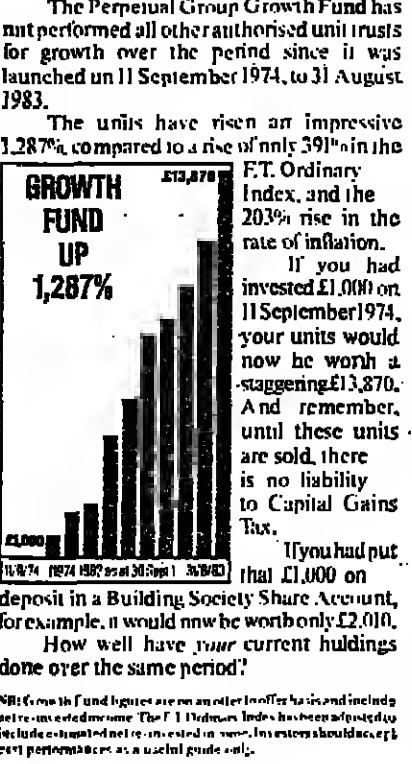
The breathtaking rise of the Perpetual Group Growth Fund.

Out performing all authorised unit trusts for growth—1,287% in 9 years

£1,000 invested in 1974 would now be worth £13,870

Perpetual Britain's Fast Growing Unit Trust Managers

Fund Managers consider offer the greatest potential for capital growth. The Company believe this investment philosophy to be the most significant factor behind their successful investment performance.



The Perpetual Group Growth Fund has outperformed all other authorised unit trusts for growth over the period since it was launched on 11 September 1974, to 31 August 1983.

The units have risen an impressive 1,287% compared to a rise of only 391% in the FT Ordinary Index, and the 203% rise in the rate of inflation.

If you had invested £1,000 on 11 September 1974, your units would now be worth a staggering £13,870. And remember, until these units are sold, there is no liability to Capital Gains Tax.

If you had put that £1,000 on deposit in a Building Society Share Account, for example, it would now be worth only £2,010. How well have your current holdings done over the same period?

And, among the smaller groups, Perpetual continues to show its growing power in achieving a growth rate above average performance.

The Growth Fund and Worldwide Recovery Fund are ideal for those investors who wish to expose their portfolio to international potential so as to provide prospects for greater capital growth.

Perpetual now has approaching £70,000,000 of funds under management invested worldwide.

SUNDAY TELEGRAPH

...and, among the smaller groups, Perpetual continues to show its growing power in achieving a growth rate above average performance.

The Successful Philosophy

Perpetual invest internationally in whatever country, sector of industry or commerce, and in whatever companies the

Perpetual Group Growth Fund

FOR IMMEDIATE RESPONSE

10: Perpetual Group, 151a St. James's, London SW1 2LW. Telephone 01-731 1111.

Please send me details of:

<input type="checkbox"/> Growth Fund	<input type="checkbox"/> Income Fund
<input type="checkbox"/> Worldwide Recovery Fund	<input type="checkbox"/> Share Exchange

NAME.....
Mr/Ms/Mrs.....
ADDRESS.....
POST CODE.....

Perpetual

Member of the Unit Trust Association

Britain's Fast Growing Unit Trust Managers

FINANCE AND THE FAMILY

An unwilling trustee

By OUR LEGAL STAFF

One of the three trustees a former solicitor of an estate which consists of a portfolio of stocks and shares has told his co-trustees that he wishes to have nothing further to do with the trust, and that he expects the trust to pay any costs occasioned by his retirement. The other trustees do not wish him to retire and are reluctant to put the trust to what they see as an unnecessary expense. Can the trustee concerned be stopped from retiring or insist on retiring at the expense of the trust? In the footing that the trustee who wishes to retire could be sent back from doing so by the other's refusal to sanction payment out of the trust fund of the costs of his retirement, it is likely that the two other trustees could prevent his retirement. This is, however, likely to be a pyrrhic victory since a trustee who is unwilling to act can obstruct the administration of the trust simply by passive resistance. As the decisions of trustees of ordinary private trusts must be unanimous, an unwilling trustee may prove a considerable embarrassment. Our advice would therefore be to let him retire at the trust's expense.

Reinstatement of an old house

My home is in a conservation area and is on a listing as a building of historic interest. A surveyor has suggested that we should find out about the insurance aspect. Suppose the building became a total loss, would I have to (1) Rebuild it in the present style and appearance? (2) Could I plan it anew (it has several awkward features at present)? (3) Would I have to rebuild it? It now stands but to modern building regulations? This is my main worry. Cavity walls, eight-ft-high ceilings, etc. would be almost impossible to realise. If the building were a total loss as a result of an accidental fire you would not be obliged by planning law to rebuild it. It is considered that the Secretary of State has no powers under the enforcement provisions in the Town and Country Planning

Act 1971 (see sections 55(i) and 56) to require a listed building to be reinstated where it has been damaged or destroyed: see *Re O'Connell's Square, Mayora (1991)* J.C.L. 433. Otherwise an enforcement notice under Section 56 can require reinstatement, however, if you wish to rebuild, you may find it difficult to obtain consent to the plans for the new building unless they match the general appearance or the previous building. But this should not exclude repairing measures which are not currently satisfactory. It is also likely that you would have to comply with modern building regulations requirements. This is itself a help in keeping away from producing a replica.

Company to hold a house

I am in the process of moving and buying a house with about two acres of ground, an appreciable portion of which was used as a horticultural holding by the previous owners. It has occurred to me that I might be able to secure several advantages by transferring the freehold to a Limited Company with say an authorised capital of £100 in 10p ordinary shares, of which I could take 10 and issue one to either a close relative or my accountant. I thought that such an arrangement might (a) not incur any extra Stamp Duty or CTT over a sale to individuals (b) enable me in the future easily to transfer my interest in the property to younger relatives in amounts below the CTT exemption limit (c) permit the sale of the property by way of the issue of further shares and the cancellation of others, thereby saving Stamp Duty. (I appreciate that the unconventional might be a disadvantage in this connection.) (d) enable the Company to hold 75 per cent of the capital of a trading subsidiary which would operate the horticultural activities on the site. Could I please have your views on this possibility and if it is overall an advantageous one? If the Company pays the pur-

chase price for the property—presumably being lent the money by you—there would be the advantages which you set out. Whether those advantages outweigh possible disadvantages is a matter of commercial appraisal for you. Thus there might be disadvantages from the point of view of Capital Gains Tax in that you would lose the exemption for your only or main residence unless you procure the company to grant you a lease of the house at a premium. On balance it is probable that your scheme would be worth while if carefully structured. It would be wise to set it up in collaboration with your accountant.

Queries about a trust

I have recently become a trustee of a family trust, but on reading the relevant documents have queries

CGT and worthless shares

My wife has shares in a company which went into receivership in December last year. I wrote to the Receiver and was advised that as there was a shortfall as regards the Debenture holders the shares are worthless. I sent a copy of that letter to the Inland Revenue with my Tax Return for 1983/4 and claimed a capital loss to set against my Capital Gains for the Income Tax Year ending April 5 1983. The Inland Revenue so far as refusing to allow the loss without giving any reason for their decision. I presume that they will insist that the loss is not allowed until the company is put into liquidation. With this thought in mind I wrote to the Receiver but they have stated that they do not know when the company is likely to be put into liquidation. If the Inland Revenue stick to their decision is there anything I can do to bring the matter to a head? If you are content to rely upon the law (as distinct from Inland Revenue extrastatutory

concession SPD13), we suggest that your wife write to your tax inspector along the following lines: "In accordance with section 22(2) of the Capital Gains Tax Act 1979, and on the basis of the documentary evidence already in your possession (which has not been refuted), I claim that the value of my holding of R. & J. Pullman plc shares has become negligible. I therefore claim that, on the day upon which you allow this claim (having regard to the dicta in *Williams v Bullivant*), I be treated as if I had sold the shareholding for 80p and immediately reacquired it for a consideration equal to that sum. "Having regard to your dilatory conduct in response to my husband's informal claim on my behalf, submitted with his tax return, I am not prepared to allow this claim to remain undecided for more than 40 days. I therefore require you to send me formal notice of your decision (in accordance with section 42(3) of the Taxes Management Act 1970) within 41 days of receipt of this formal

No legal responsibility can be accepted by the Financial Times for the answers given in these columns. All inquiries will be answered by post as soon as possible.

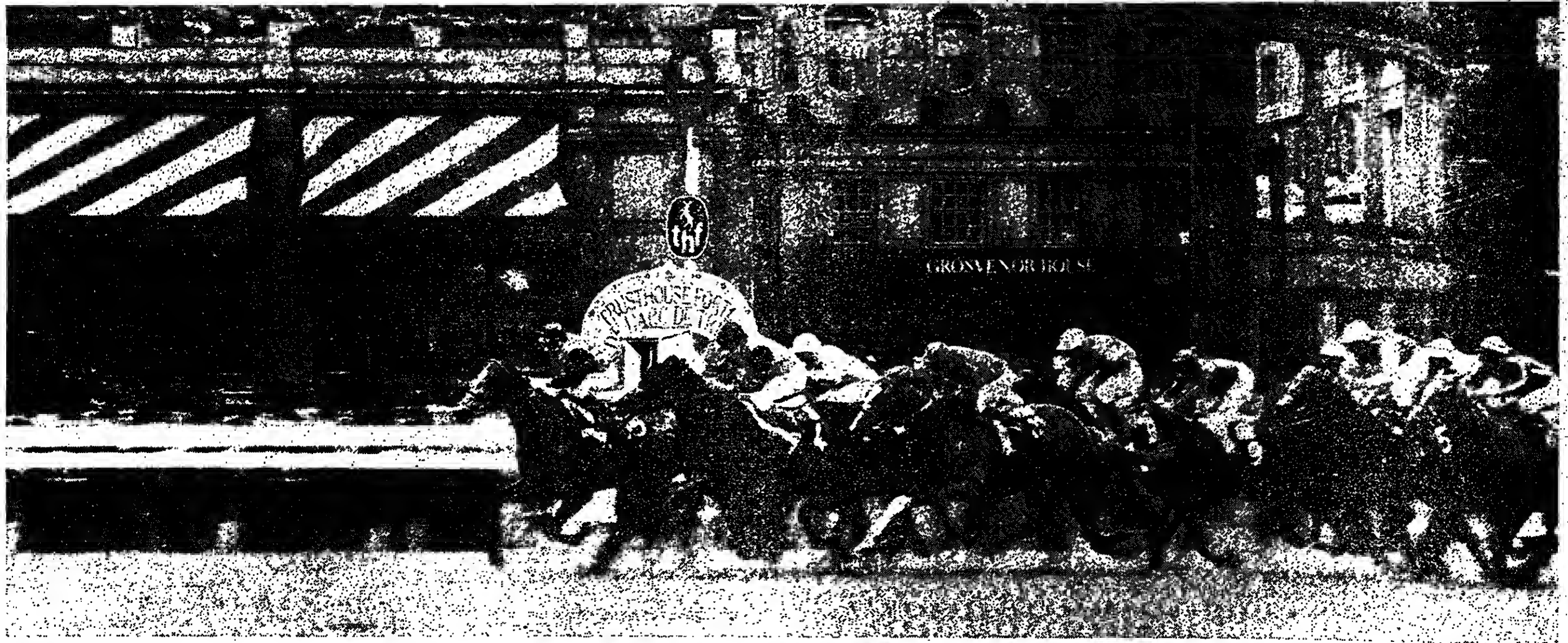
Can such a division become valid on the basis that no one has previously challenged it? As a trustee, can I require that legal advice on this matter be obtained and paid for by the trust, from a lawyer who is not a member of the family? Could the other trustees remove me for raising awkward questions? There does indeed appear to have been a failure on the part of the previous trustees to appreciate the difference between an appropriation of income and an appropriation of the corpus of the trust fund. Mere inertia over a long period of time will not justify the unwarranted appropriation. We think that you should insist on counsel's opinion being taken—of course at the expense of the trust funds. Other trustees cannot remove you, whether for asking awkward questions or otherwise, unless the trust instrument gives them such a power expressly—even then they cannot use such a power for a corrupt purpose.

letter of claim. "If your decision be to refuse my claim, I shall give notice of appeal forthwith. If you fail to ensure that my appeal is dealt with reasonably soon afterwards, I shall write to the Commissioners and I shall oppose any application which you may make for a decision upon my claim to be further postponed. "If you should fail to make a formal decision upon my claim before the expiry of 41 days from receiving this letter, I shall feel justified in regarding your inaction as constituting willful default and maladministration. You will be aware, of course, that Parliament has explicitly laid the obligation to make a decision upon you (as distinct from the Board) so that you cannot hope to justify any delay in making up your own mind by saying to the Ombudsman that the Board has instructed you to prevaricate until such time as the Board's agents in the Shares Valuation Division get around to making up their minds."

BUILDING SOCIETY RATES

	Deposit rate %	Share accounts %	Sub-po shares %	Others %
Abbey National	7.00	7.25	8.25	9.00 2-yr. Bonds share, 8m. not/pen. 8.25 High Option, 3 mths. not. no pen. 8.25 60 Plus, 6 y. on dem. (int. pen.) 7.75 7 days' notice, no int. penalty.
Aid to Thrift	7.90	8.50	—	—
Alliance	7.00	7.25	8.25	9.00 2 yrs., 3 mths. notice/penalty.
Anglia	7.00	7.25	8.25	9.00 2 yrs., 3 mths. notice/penalty.
Birmingham and Bridgwater	7.00	7.25	8.75	8.25 Capital Sh. 1 mth. notice/pen.
Bradford and Bingley	6.75	7.25	8.25	8.25 Extra Interest Shares
Britannia	7.00	7.25	8.25	7.75 7 days' notice, no penalty
Cardiff	6.75	8.00	8.75	8.25 1 m. not. or on dem. (int. pen.)
Catholic	7.00	7.50	8.50	8.75 3 m. not. (int. pen.) reg. int.
Century (Edinburgh)	7.25	7.75	—	7.75 7 days' not., 8.25 2 mth. & not.
Chelsea	7.00	7.25	8.25	—
Cheltenham and Gloucester	7.00	7.25	8.25	*Share a/c bal. £10,000 & over 8.25-8.50 Monthly Income Accounts 8.75-9.50 Fixed terms 2/3 years 8.50 int. wdl. (int. pen.) or 1 m. not. 8.25 Gold account £1,000+ no notice no penalties. Monthly interest £5,000 min. 8.57 if compounded
Citizens Regeocy	7.00	7.50	9.00	8.40 plus a/c £2,000+, no not./pen.
City of London (The)	7.25	7.50	8.25	8.25 4 mths. notice—no penalty
Coventry	7.00	7.25	8.50	8.75 4 yrs., 8.50 3 yrs., 8.25 3 mths, 8.00-9.00 28 days' notice/penalty.
Derbyshire	7.00	7.25	8.50	8.25
Greenwich	—	7.25	8.50	9.25 Subject to notice/balance
Guardian	7.00	7.50	—	8.75 3 months, £1,000 minimum
Halifax	7.00	7.25	8.25	8.25 Xtra Interest Plus, 3 months' wdl. notice or loss of interest
Heart of England	7.00	7.25	8.50	9.00 Tip-Top Acc. 8.25 Flexi-Term
Hemel Hempstead	7.00	7.25	8.50	9.25 2 yrs., 8.50 3 months
Hendon	7.50	8.25	—	9.25 6 months, 8.75 3 months
Lambeth	7.00	7.50	8.75	9.25 6 mths., 9.10 28 days, 8.25 3 m.
Leamington Spa	7.10	7.35	—	8.50 Top Ten, 8.75 Lion Share
Leeds and Holbeck	7.00	7.25	9.00	8.75 5 yrs., 8.25 1 mth. interest pen.
Leeds Permanent	7.00	7.25	8.25	8.25 3 yrs., E.L. a/c £500 min. 8.00
Leicester	7.00	7.25	8.25	9.05 3 yrs., 8.25 3 months
London and Grosvenor	7.00	7.75	8.50	8.25 High Yield (1 mthnt)
London Permanent	7.00	7.75	—	9.00 6 mth. not. or 2 m. not. + pen.
Midshires	7.00	7.25	8.25	9.00 2-yr. Term Share, £1,000 min.
Mornington	7.50	8.50	—	9.10 28 days' notice £500 min.
National Counties	7.25	7.55	8.55	8.25 1 mth. not. also mthly. income
National and Provincial	7.00	7.25	8.25	9.00 2 yrs., £1,000 min. wdl. with 90 d. notice and pen. Bonus a/c 3.25 £500 min. int. wdl. with pen.
Nationwide	7.00	7.25	8.25	9.00 2 yrs., 9.00 2 yrs., 8.25 28 days' notice, or on demand 28 days' interest penalty
Newcastle	7.00	7.25	8.50	8.75 4 yrs., 8.00 2 yrs., 8.25 28 days' notice, or on demand 28 days' interest penalty
New Cross	5.00	8.25	—	8.25 8.75 on share accs., depending on min. balance over 6 months
Northern Rock	7.00	7.25	8.50	8.00 High Int. Sh. 8.25 Presn. share
Norwich	7.00	7.25	8.50	8.50 City a/c min. wdl. no penalty
Paddington	6.75	7.75	8.25	8.75 Loss 1 mth. int. on sums wdl.
Peckham	7.75	8.00	—	8.50 2 y., 8.00 3 y., 8.50 4 y., 8.25 5 y.
Portman	7.00	7.25	8.75	8.75 2 mths., 8.25 Flexi-Plus
Portsmouth	7.35	7.55	9.05	9.40 5 yrs., 9.00 6 mths., 8.50 1 mth.
Property Owners	7.25	7.75	9.00	8.75 28 days
Scarborough	7.00	7.25	8.50	8.25 Money Care - Free life inscn.
Skipton	7.00	7.25	8.50	8.25 1 month's notice, 8.60 3 years
Stroud	6.75	7.25	8.50	8.25 3 months, 8.25 1 month
Sussex County	7.00	7.25	9.00	8.00 7-day County share account
Sussex Mutual	7.25	7.50	8.00	7.75-8.00
Thrift	7.15	8.15	—	10.15 5 yrs. term. Other accnts. avail.
Town and Country	7.00	7.25	8.25	9.00 2 yrs., 60 days' wdl. notice
Wessex	7.25	8.30	—	8.50 imm. wdl. 28 days' interest loss
Woolwich	7.00	7.25	8.25	8.25 90 days (Interest loss)
Yorkshire	7.00	7.25	8.25	8.25 Special Interest Shares, 90 days' not. or imm. wdl. with 90 days' interest loss (minimum £500)
				8.00 imm. wdl. 28 days' interest loss
				8.50 Diamond Key, 80 days' penalty, or 2 months' notice without penalty

All these rates are after basic rate tax liability has been settled on behalf of the investor.



This year's Prix de l'Arc de Triomphe is being run from Park Lane.

This is the second year running that Trusthouse Forte have sponsored the Arc. And our Grandstand is the Grosvenor House Hotel. The Grosvenor House is one of the finest hotels in the world. To start with, it houses one of the most exclusive restaurants in London, serving the best in French cuisine. 90 Park Lane. And that's just one of the three restaurants included in the hotel. It also boasts the Great Room, perhaps the most spectacular ballroom in the country. It has its own Health Club complete with gymnasium, swimming pool, saunas and jacuzzis.

Neither do the refreshing aspects of the hotel end there. The bedrooms and suites are all individually furnished, not simply with thought but with affection. By contrast so many large hotels are virtually indistinguishable from one another. Indeed, we'd go as far as to say that in any contest the Grosvenor House would emerge a clear favourite. For bookings telephone 01-499 6363 or telex 24871.

Trusthouse Forte



Bangkok's international express

MY FAMILY had persuaded me that Bangkok by rail would be a fitting conclusion to a holiday in Malaysia. I was reassured that Cook's Overseas timetables describes the Butterworth-Bangkok train as an "international express" although a journey time of 24 hours for a distance of 1,200 km aroused some suspicion as to the nature of the express.

Inquiries at the Malaysian Railways ticket booth on Penang pier, where the ferry departs for Butterworth, revealed that all "air-con" berths in first class were booked. Refusing to be put off, we agreed to "non air-con".

When we went to pick up the tickets two days before departure, we were told that the train coming down from Bangkok had not arrived, so there might not be a train going back up.

What had happened — bandits? This train used to be held up regularly a few days ago in southern Thailand, and passengers stripped of cameras, money, etc. But we had been assured that such attacks had ceased. An accident? Nobody seemed to know. Another expedition to the railway office the next day, however, produced the tickets.

At 7.00 am the next day, we watched the sun rise over the mainland. Stocked up with some food and canned drinks (the Malay railways clerk had assured us that there would be a dining car on the train, but warned us "you can only expect Siamese food", our mini-epic rail journey was about to begin.

In Asia, one can never be sure that the product will turn out quite as expected. So it was with the only "non air-con" first class rail coach on the international express. Age indeterminate, it clearly had potential for an Orient Express-type re-fit but nobody had yet seen the potential.

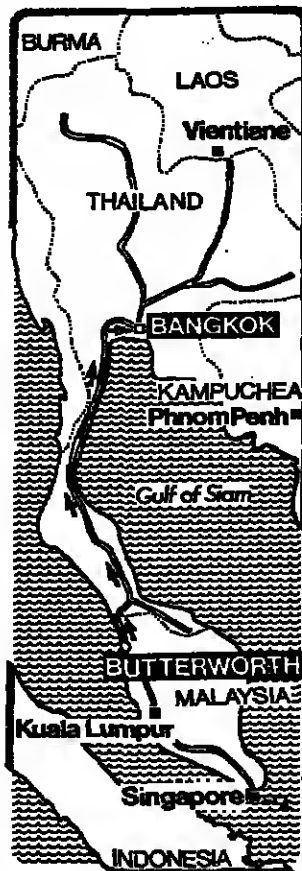
Wood panelling, ancient sanitaryware, and a lavatory (which defied description. This, we reminded ourselves, is a working train and not a tourist escape, and we could not expect luxury for about £21 a head.

The train pulled out on time, and we marvelled at the intrusion into backyards and people's lives which the train permits. So much better than flying over it all, we told ourselves smugly.

We reached the border at about midday, an hour behind schedule. Immigration facilities were completed mercifully on

TRAVEL

HAZEL DUFFY



the train, the temperature now well up into the 90s, and after an hour or so, we left the businesslike stations of Malaysia and the ordered plantations for the much poorer and less populated countryside of southern Thailand.

Time for a coffee in the dining car: purple tablecloths and flowers gave a good initial impression. Closer inspection revealed the chef preparing mounds of rice for lunch, the sweat pouring off him. Washing up facilities were confined to a bucket on the floor. Still, there was bottled beer and soft drinks on ice and the overhead fans battled unsuccessfully with the heat.

At Hat Yai, a few miles over the border where the east and west coast lines converge, several more coaches were shunted on to the train with bone-shaking jolts, and the 18-

carriage train set out across the miles of paddy fields. As the train never exceeds more than 35-40 mph, it is possible to observe the surroundings at leisure. Every stop at the neat Thai stations, mostly unscheduled, brought a procession of people walking along the platform, selling an array of delicacies from baskets on their heads.

Every now and again, the train applied a basic braking system which effectively destroyed any anticipation of a peaceful night's sleep.

Dusk approached through the craggy limestone hills backing the paddy fields and small, dark, villages. The dining car fare awaited. We tripped over cardboard boxes which cluttered up the central aisle of the 2nd class coaches, and the pungent odour of the durian fruit pervades the air.

A few early nighters were cleaning their teeth, on abow to all. By this time, the train swayed so much that balancing on a hot, alicy plastic covered seat in the dining car was a major achievement.

The tablecloths were looking a bit tattered by now, but the staff displayed a surprising placidity in the face of constant streams of passengers demanding food and refreshment. An assortment of sizzling hippies enjoying Asia on the cheap joined the throng of Thais, Malays, Chinese and Indians hoping to get a meal.

The staff silently produced a menu, which could be summarised as rice, steamed or fried, with bits of chicken, and a fried egg on top. With a bottle of Thai beer, it tasted surprisingly good, although the crescendo of noise from within and without the train as it swallowed up the night made it a less than relaxing occasion.

Berths were being made up all along the train as we went back. By 10 pm most passengers had bedded down.

Half an hour later, the train came to a shattering halt. I assumed we had arrived at the station where we should have been an hour or so ago.

I was aware of the noisy fan in the compartment, the mosquitoes, and the heat in the lower bunk; but none of the earth-shattering jolts which I had expected would punctuate

the night. How considerate of the Thai railway authorities to stay so long in one station! Then I realised that sunlight was filtering through the shutter. The train had not moved all night. We were still less than half way to Bangkok, and the plane left that night.

Had the bandits struck again? Besieged railway officials reluctantly admitted that there had been an accident down the line (we now realised the reason for the unexplained delay two days earlier on the downward train — another derailment). "Thai railways not very good," an impeccable official conceded.

Meanwhile, the food sellers of Chumphon station were doing a roaring business at 8 am serving up coffee, rice, curry — anything one wanted.

An hour later, the train started moving again. A few miles down the track, we saw one coach of a local train which had careered off the rails into the paddy field, followed by two coaches upturned on their sides.

We read later that at least eight people were killed, and many seriously injured.

The Butterworth-Bangkok express now tried to live up to its name, and we picked up a bit of speed. By mid-morning, the stalwart dining car staff, looking a little weary and strained, were serving up exactly the same food as last night, minus the fried eggs.

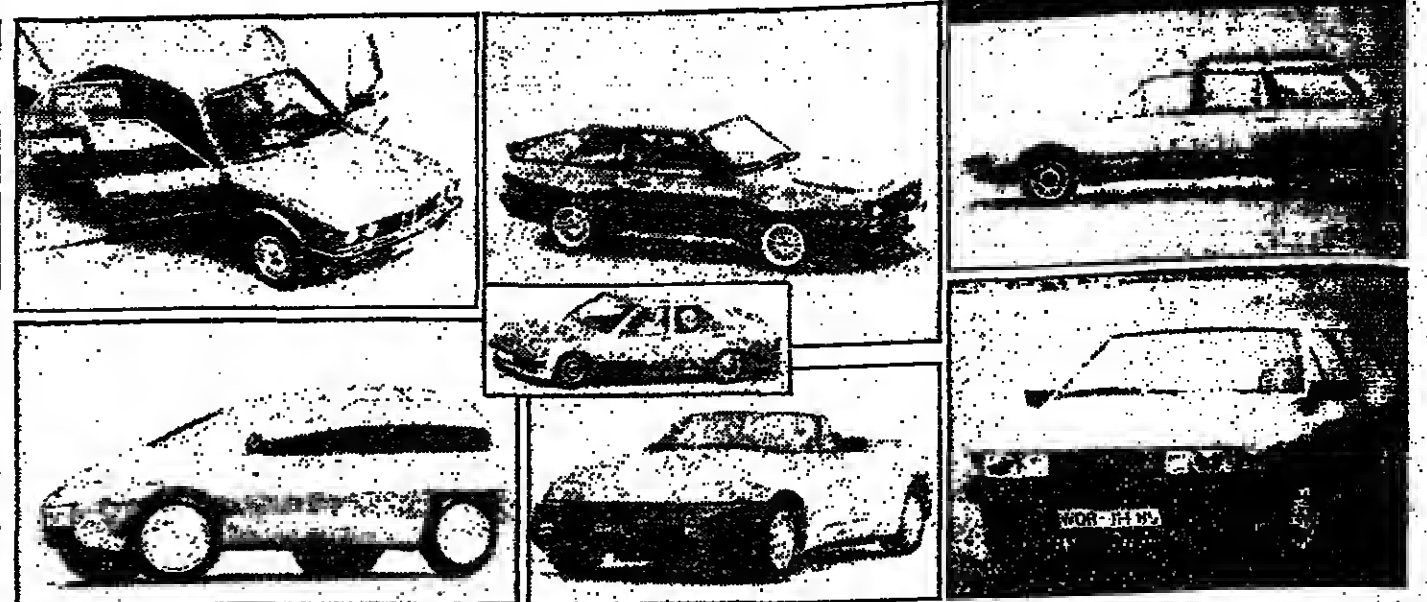
At least the beer was still flowing and the two passengers were swigging half bottles of Thai whisky sensibly purchased the night before.

The day wound on, the food finally ran out, and by 3 p.m. there was nothing left to drink. The countryside was becoming more populated, then the South China Sea came into view.

The thought crossed my mind: they did not change the dining car staff. What about the driver?

No matter. At 5 p.m., 10 hours late, the international express was pulling through Bangkok's floating suburbs, where, truly, all human life is to be seen.

We arrived in Bangkok just as the evening monsoon was about to break. The train could be Thailand's greatest tourist asset, but thankfully it has not been seen as such yet.



Top row left to right—Four-door BMW 3-series; it comes to Britain next year. The 300-horsepower Audi Quattro Sport; shorter, lighter and even quicker. The Volkswagen Passat Estate with permanent four-wheel drive; made to measure for skiing enthusiasts. The 16-valve, 2.3-litre version of the Mercedes 190—over 30,000 miles at an average 155 mph. Bottom row left to right—Opel's slippery Junior; over 70 mpg—and seats that turn into sleeping bags. Ford's Ghia Barchetta fun car, catching the spirit of the Frog Eyed Sprite? The VW Super Scirocco; 140 bhp, 16-valve engine and a 130 mph maximum speed.

A mouth-watering German show

ANYONE who manages to visit every single stand at the Frankfurt Motor Show deserves a place in the Guinness Book of Records. It is a vast exhibition; if not the largest in the world, then certainly in Europe. Sixteen halls filled with everything from motor cars to urban mass transit systems, caravans to components, all within a short distance of the city centre. A stout heart and a strong pair of legs are essential for any Frankfurt motor show-goer.

All the world sends its cars and trucks to Frankfurt but it is, above all, the German motor industry's shop window. This year it has a mouth-watering collection of new models.

Mercedes-Benz have unveiled a high-performance version of the new compact car, the 190 E 2.3-16, fresh from breaking a basketful of speed records at the Nardo proving ground in Italy. It averaged 144.56 mph for 50,000 kilometres, powered by an enlarged, 16-valve derivative of the standard 2-litre engine, developed by the well-known British racing concern, Cosworth Engineering.

The appearance of the 190 E 2.3-16 and a 190 diesel coincides with the arrival of the compact car in Britain. It went

on sale at prices from £9,658 for the carburetted 190, £10,640 for the 190 E with fuel injection. In both cases power steering and 5-speed manual gearbox are standard. I drove to Frankfurt in a 190 E automatic — more of this next week.

BMW's four-door 3-series, which might loosely be considered as their answer to the 190, is also on show at Frankfurt, though it will not reach Britain until early next year. When it does so, the range will include a model with everything — electric windows, central locking, cruise control, on-board computer, heated door mirrors and locks and anti-lock braking.

Also new from BMW for 1984 is the M335CSL, a four-seat coupé with a 286 hp engine, similar to that used in the former M1 sports-racing car. Capable of 155 mph, it will compete for custom among people who now buy Ferraris, Aston Martins and Porsche Turbos. The price has not been fixed. The German market gets it next spring, Britain not until 1985.

Completing the bat trick, BMW claim a world first for their "dual personality" transmission which is being fitted to

MOTURING

STUART MARSHALL

the 735 and 732 saloons and the 635 coupé. A small switch on the console allows the driver to choose "E" for economy régime, in which the transmission gets into top as soon as possible; "S" which delays changes until higher revolutions; and a third positive gives full manual control of all four gears.

Not to be outdone, VW has on its stand a 300 bhp, shorter length 2+2 version of the all-wheel driven quattro coupé; a 130 mph Scirocco with 16-valve, 140 bhp engine; and a 115 hp, 113 mph Passat Estate with Quattro-style four-wheel drive. This Tetra Estate has a split rear seat and aerodynamic roof rack, could there be a better car for the skiing enthusiast? All three new models go into production next year and will eventually be sold in Britain.

Two design studies attracting attention are on the Opel

and Ford stands. Opel is presenting the Junior, a 1.2 litre engine, aerodynamically slippery minicar bristling with advanced features and claimed to be capable of just over 70 mpg at a steady 56 mph. The upholstery turns into sleeping bags in a trice, the radio-cassette player is removable for use outside the car, and the roof may be opaque plastic, fold-away canvas or clear glass. Opel says the Junior is to test public opinion, but it looks a lot more practicable than some of the one-off show-stoppers that are never heard of again.

The Junior's drive-train is based on the Opel Corsa's (the Vauxhall Nova is the same car). Ford use Fiesta XR2 mechanicals in the Ghia Barchetta, which looks like a streamlined son of the Frog-Eyed Sprite above, though not under the sheet steel. (Ford even says it was conceived in the spirit of traditional European sports cars of the '60s and '70s.)

There are no plans to manufacture the Barchetta, which reminded me of a similar exercise based on Peugeot components displayed at a Turin Show of the mid-1970s.

Farewell to Long Ashton

competition has depressed prices to the point of making June strawberries profitable. British growers are looking for strawberries in August when there is an excellent holiday market, no foreign competition and even the prospect of exporting strawberries to southern Europe where the climate is too hot for August strawberries. Good progress was being made earlier this summer and I saw a large field of new seedlings under trial all looking, to my untrained eye, fine plants bearing excellent crops though I was told that only about one in 100 would be retained for further trials.

There are, of course, already so-called perpetual or remontant strawberries such as Gento and Hampshire Mid which fruit late but they do not crop

sufficiently heavily nor are their fruits of sufficient size to suit the high competitive strawberry trade. Size of fruit has become increasingly important as labour costs have escalated since it takes just as long to pick a small strawberry as a large one. American growers already have very large fruited varieties but they are not suitable for our climate so the best of them are being bred with the most promising English varieties. There is also demand from food processors for strawberries that will freeze well and this is another top priority in the Long Ashton breeding programme.

Now it is all to be transferred to East Malling in Kent with the three experts who have been masterminding the breeding programme but without all the expensive capital equipment of special glasshouses and frames which cannot be moved. No doubt new equipment will be provided at East Malling

but it seems a queer way to save money and in any case the stimulus of close proximity to his strawberry growing areas will be lost.

Perhaps of less immediate commercial importance but nevertheless of considerable long-term interest is the plum breeding programme started at Long Ashton in 1965. Most existing varieties are over a century old and Merryweather Damson, introduced in 1828, is the most recent to be of commercial importance. What is now required are very large fruited plums to match foreign competition. They must be red or blue, since there is little consumer demand for green or yellow plums, and they must crop heavily and regularly. That is quite a tall order and there is a long way to go but progress is being made. Plum trees, being much larger and more permanent plants than strawberries, are considerably more difficult to move from one breeding place to another but that is what will have to be done since there will soon be no room for plums in a reorganised Long Ashton Research Station which must now learn to deal with arable crops.

Of considerable interest to private gardeners are the large

scale experiments in apple pollination. Primarily these have been aimed at enabling fruit growers to plant single variety orchards without need for a second, less profitable, apple as pollinator. Selected crab apples used at only 5 per cent of the total number of trees have proved highly successful, four of the most successful being Golden Hornet, Aldenhamensis, Hillier and Winter Gold which flowers early. The first three are much planted in gardens as ornamental trees and so, where they exist, it would seem unnecessary to look any further for pollinators for fruiting apples.

Finally there is a little publicised investigation at Long Ashton which has nothing to do with fruit. It concerns the variations which occur in nursery stocks of ornamental trees and shrub varieties bearing the same names. This happens even when stocks are increased vegetatively by cuttings, layers or grafting. With the active operation of nurseries, stocks of many popular plants have been obtained from as many sources as possible and grown side by side. The best form of each variety has been identified, propagated and redistributed to the nurserymen for use as mother stock. I understand that this work is also to go to East Malling. I hope it will be as energetically pursued there as it has been at Long Ashton.

K-B1; 24 Q-B5, P-B3; 25 N-Q7 ch. RxN; 26 RxR, Q-B4. By returning some material, Black has constructed a temporary defence, but his insecure king is too great a handicap.

27 Q-R7, R-B2; 28 Q-R8 ch. K-B2; 29 R-Q3, N-B5; 30 KR-Q1. N-K4; 31 Q-R7 ch. K-K3; 32 Q-N5 ch. K-B4; 33 P-N4 ch. K-B5; 34 R-Q4 ch. K-B6; 35 Q-N3 ch. resigns. For if Q-B6; 36 R(1)-Q3 ch. wins.

POSITION No. 482
BLACK (12 men)
WHITE (12 men)

Moulin v Arkell, Lloyds Bank 1982. White played 1 N-Q4, setting a trap (QxP?? 2 B-N3) with a large bolt in 11. How did the game finish?

PROBLEM No. 482
BLACK (12 men)
WHITE (12 men)

White mates in two moves, against any defence (by J. T. Brewer, Stern 1978). The solution depends on spotting a type of chess move which is always hard to visualise.

Solutions Page 14

GARDENING

ARTHUR HELLYER

Now it is all to be transferred to East Malling in Kent with the three experts who have been masterminding the breeding programme but without all the expensive capital equipment of special glasshouses and frames which cannot be moved. No doubt new equipment will be provided at East Malling

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CHESS

LEONARD BARDEN

GARY KASPAROV, the 20-year-old rising star of international chess, has made his own contribution to the debate over his disputed world title semi-final against Viktor Korchnoi. Kasparov told journalists at the start of this month's tournament in Yugoslavia "I want to play!" and proceeded to demolish an illustrious field which included three former world champions.

He was already sure of first prize before Tuesday's final round in which his nearest rival Larsen had the bye. Scores at Niksic were Kasparov 11 out of 13, Larsen 9, Portisch 7, Spassky 8, Anderson and Miles 7, Tal and Timman 7, Ljubov and Selman 6, Gligoric and Petrosian 6, Nikolic 5, Sax 5, Ivanovic 4.

During the tournament all Kasparov's fellow-competitors signed a petition to FIDE, the International Chess Federation, asking that the Kasparov-Korchnoi match should be played. Meanwhile FIDE efforts to arrange a final between Ribli and Korchnoi, who in official eyes were victors by default, fizzled out when the Hungarian authorities confiscated Ribli's passport.

FIDE's Austrian vice-president Dr Dorazil made a well-publicised visit to Moscow and announced, in contradiction to FIDE policy, that Austria was willing to host at least one of the disputed semi-finals.

Behind-the-scenes diplomacy continued with England's FIDE delegate, Ray Keene, journeying to Moscow and Niksic as a mediator. At last report FIDE President Campomanes was in Budapest talking to the Hungarians and Ribli amid still stronger rumours that the matches would be rescheduled. All looks set for a FIDE climb-down. The unfortunate Pasadena organisers, who planned

to stage the Korchnoi-Kasparov series as a spectacle alongside the U.S. Open, are left nursing heavy financial losses with only the dubious remedy of suing FIDE and the Russians in world courts.

On the chessboard Kasparov has simply proved his point. His Niksic result bears comparison with the greatest tournament achievements such as Fischer's at the 1970 Interzonal and Alekhine's at San Remo 1930. He began with 6½ out of 7 and 10½ out of 11 to relax in the second half of the event; his net gain in FIDE rating points should be enough to put him at the top of the rankings ahead of world champion Karpov.

Here Kasparov's favourite opening move (5 P-QR3 against the Queen's Indian) scores again; it is a mystery why so many opponents still allow him to play it.

White: G. Kasparov (USSR). Black: L. Portisch (Hungary). Queen's Indian Defence (Niksic 1983).

1 P-Q4, N-K3; 2 P-Q4, P-K3; 3 N-Q4, P-Q4; 4 N-B3, B-N2; 5 P-QR3, P-Q4; 6 P-KP, N-KP.

6... P-KP restricts Black's bishop but has given better practical results than the knight capture; alternatively if you are playing Kasparov it makes sense to avoid his system altogether by 3... B-N5 ch or 4... B-N5.

7 P-K3, N-N3; 8 P-N3, B-K2; 9 B-N5 ch, P-B3; 10 B-Q3, P-QB4; 11 Q-O, N-B3; 12 N-B2, R-QB1; 13 Q-K2, Q-O; 14 Q-RQ1, with a few transpositions, we have arrived at a position from Batsford Chess Openings (co-author Kasparov) analysed as favourable for White. His master plan is simple: open up the centre by P-C4, use the bishop pair to demolish the black king's defences. In this game it all happens elegantly with a double sacrifice and a king hunt which chases the unfortunate Hungarian monarch right down the board.

14... Q-B2; 15 P-B4, P-KP; 16 P-KP, P-B4; 17 P-Q5! P-KP; 18 P-KP, B-QP; 19 B-P4 ch, K-B3; 20 R-B3, K-N1; 21 B-P1, K-B3; 22 N-K3, K-RQ1; 23 Q-N4 ch,

White mates in two moves, against any defence (by J. T. Brewer, Stern 1978). The solution depends on spotting a type of chess move which is always hard to visualise.

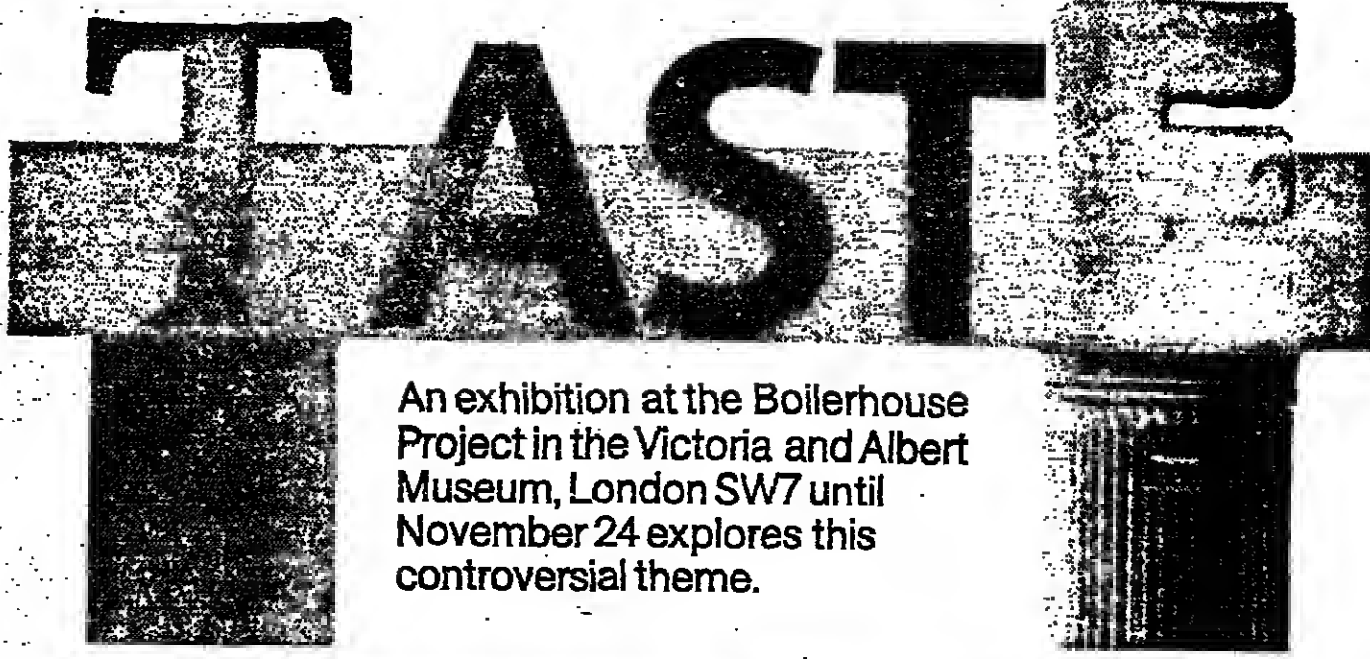
Solutions Page 14

HOW TO SPEND IT

By Lucia van der Post



TASTE IS as tricky a subject as class and money. It can break up friendships as effortlessly as pets or children. Marriages have even been known to founder over the choice of cut-glass or plain, patterned carpet or Habitat furniture. Stephen Bayley, director of the Boilerhouse Project at the Victoria and Albert Museum, bravely confronts all these problems head-on in the latest exhibition which he calls simply "Taste."



An exhibition at the Boilerhouse Project in the Victoria and Albert Museum, London SW7 until November 24 explores this controversial theme.



Photographed below is what you may be forgiven for not immediately recognising as a vacuum cleaner—were it possible to show it in all its amazing pink and purple you would be even less likely to recognise it as such. It is shown in the exhibition in the area reserved for current products, some of radical design, where visitors are invited to form their own judgement about objects. It is a brand-new model straight from the pad of James Dyson and the first domestic product on the market that seems to show the influence of the Memphis school. Borrowing the colourings of popular imagery, it could never be accused of looking restrained or bearing any resemblance to classic design principles. Instead it seems, like much of Memphis's output, to cook a snack at established ideas of what a vacuum cleaner should look like. I think it looks wonderful and I'm also told it works like a dream. Those who want to be the first with a pink and blue vacuum cleaner in their homes should write to the company which is distributing it in Britain: Klenzma Rutark, Hanham, Bristol.

● The propensity of the intellectual to run against mainstream taste seems to be nothing if not constant. The caption to this simple Windsor chair—needless to say it is mounted upon the plinth of Good Taste at the exhibition—tells us that just as Hepplewhite's refined and sophisticated designs were being recognised by a wider public so among the intellectuals arose a new taste for the vernacular of which this Windsor chair was a perfect example. Besides being an eminently charming design it did help to challenge the accepted classical values and introduce an element of variety into the existing notions of "good taste."

● No prizes for surmising that Stephen Bayley relegates this embroidered elk hoof firmly to the dustbin of bad taste. An arch example of what he would refer to as kitch, he points out in his caption how it illustrates the folly of chasing an effect too hard as the result is so often so perverse. Probably made by Canadian Indians in the second half of the 19th century they now form part of Bethnal Green's Animal Products collection. In case you are wondering if it had a purpose the answer is yes—to be used as a newspaper holder.



● More bad taste and this time it took something like 13 dustbins to hold this psycho-like sofa in all its awfulness. It is the work of one Johann Heinrich Seltzer, who started working on the same lines as Michael Thonet (the who devised the exquisitely simple bentwood

chairs still used and admired all over the world) but, as you can see, he ended up expressing a very different aesthetic ethos, where excessive ornamentation almost overwhelms the form. A true star in the galaxy of bad taste.

subjective ground. The guidelines seem to hover on the horizon like a mirage, vanishing just as one thinks one is closing in on them.

It is in some ways a confusing, exhibition especially as it is never made entirely clear whether the decision to assign an object to a plinth (the mark of approval or a dustbin) is, you've got it, the sign of disapproval. It has been made by the historical authorities often quoted or by Stephen Bayley himself.

On the other hand it is immensely stimulating. I found the historical perspective alone, even though I was familiar with much of it, very illuminating. It summarises our graphic past in a way that almost everybody, if they can decipher the captions, will understand and in a way that prepares the viewer for the area where he is invited to make up his own mind about what good or bad taste actually is.

Most of us are reasonably convinced that we ourselves possess excellent taste—it is the other chap whose taste is bad—and this exhibition manages to nurture our smugness, to make us realise just how subjective we are to the prevailing winds of fashion, clique and perceived social pressures.

If you are left wondering after all this if there is any straw in the wind to grasp at, Stephen Bayley manages to secure some certainties from the survey. After all his musings on the subject he came to the conclusion that there were a few objective criteria that survive the years, the changes in fashion and "direction." Although the actual style of any object might differ

● These Coalport cottages pastille burners but he guesses that few of those who buy them today realise that. There are some 50 models in the collection of which the three illustrated above are, from left to right, the Blue House, Clock Tower and Dower House.

from age to age, those which are most admired by successive generations have certain qualities in common:

- an intelligibility in their form, so that you can understand their purpose;
- a coherence and harmony between the form and the details;
- an appropriate choice of materials to the function;
- an intelligent equation between construction and purpose so that the available technology is exploited to the full.

Test these criteria against certain products and you can see why a Raleigh safety bicycle is timeless and why a 1957 Cadillac is dated.

From there Stephen Bayley brings together the strands that link good taste with good design. In his view "the principles of design are, in fact the Rules of Taste. An understanding of Taste is a necessary part of any successful design and if it means anything at all it means something that can be put into one word... Taste is

the same as manners."

These last quotations come, in fact, from the excellent paperbook called Taste which consists of Stephen Bayley's own musings as well as an anthology of writings on the subject, ranging from Henry Morley's Household of Horrors to a wonderfully provocative piece (which certainly scored a lot of bullseyes in this office) by Elyn Boyd Harrie on The Tyranny of Taste. At £2.50 it is amusing and illuminating reading for anybody interested in the subject.

Finally, don't miss the last section of all, where each week something "new" is asked to make a personal selection in examples of good and bad taste.

Kicking off the section is Patrick Dixon, ex-BBC, currently managing director of Alton Associates, a company making films and video commentaries. He rates as "good"—the BBC disposable razor, the VHS video cassette designed like a paperback to seem familiar and to fit neatly into storage systems, Dust-Off Aerosol, Branes Double Action Oil Can (in his view oil cans are some of the most beautiful products of the late industrial revolution—perfectly functional, like classical earthenware pots) and the Pentax camera.

Categorised as Bad are—a hand-thrown pot ("useless, survives on the whimsical notion of hand-made and the purchaser chooses it on the historical concepts of "rural" and "real work." It is hard to know what it is meant for"), British Airways logo ("stuck on my towel with his End Blyou lettering and blimpish colour

scheme "I, Glastonbury" ("contorted, antiquated leather, status rank badges, yet built no better than sneakers").

Among the contributors will be The Royal Household, Richard Selfridge, Roy Strong and possibly Terry Farrell (the post-modernist architect who designed the new TV-am building—I say, possibly, because he had agreed to contribute but since the opening and the discovery that his model of the TV-am building was balanced half on a plinth and half on a dustbin and had been out-ripped, along with other post-modernist buildings, to the world of kitch there has been what might be called a dust-up. The model was forcibly removed and a large blown-up photograph of it will now have to do. Tender donors these designers, I said at the beginning that Stephen Bayley was brave



DESPITE the appallingly wet start to this summer, which seriously hampered normal growth in the vegetable garden, I seem now to have the best possible crop of whatever I did manage to put into the ground.

My potatoes are enormous, my carrots are large and sweet, my cabbages, beetroot, cauliflowers and calabrese are fantastic. French beans are already crowding the freezer, the cucumbers have taken over altogether in the greenhouse while my ridge variety outside are climbing up and over the sprouts and fast heading for the fruit cage.

My courgettes seem to resemble marrow overnight. Leeks and onions are there in abundance too. The grapevine has covered the roof of a not-so-nearly hothouse and is creeping into the catery. It is so heavily laden with small black grapes that I am at a loss to know what to do with them, not being a "home-made" wine enthusiast. So I eat them each time I pass the vine.

The spinach is more succulent and prolific, the tomatoes more plentiful, even though the skins are rather tough than ever before. My basil has blocked out the light from the kitchen and mint, marjoram, thyme, parsley, fennel, bergamot, rosemary, sage, chives and lemon thyme are clamouring to get inside my back door.

All this abundance has led me to think of new ways of dealing with such familiar produce. Here are some of the best of my discoveries.



COOKERY/JULIE HAMILTON

Greens means variety

leave to get cold. If the spinach appears to have produced lots of liquid, fear not, because as the dish cools so the liquid is re-absorbed.

SWEET AND SPICED ONIONS

I had lots of small, round white onions which I used in this dish first of all. Then, as it became so popular, I used shallots, pickling onions and any small-sized variety I could find. The list of ingredients, because of its length, may look formidable and put you off attempting this delicious recipe but if you study it you will see that you can easily leave out several items or even improvise with whatever you happen to have. So please do not be put off. As this dish keeps well for several days and takes a while to prepare I am giving ingredients for a large quantity, ideal for a big dinner party and then some over.

4 lbs small (pickling size) onions; 2 tablespoons olive oil; 3 generous tablespoons honey; 1 heaped teaspoon fresh ginger finely grated; 6 tablespoons white vinegar; 6 tablespoons red Chianti wine; 1 tablespoon apricot jam; 6 cloves; 1 bay leaf; 6 cardamoms, broken open; 4 teaspoon ground allspice; 3 or 4 whole allspice; 1 teaspoon green peppercorns; 1 generous teaspoon salt; 1 teaspoon soy sauce; 2 or 3 tablespoons water.

Plunge the untrimmed whole onions in boiling water and boil for about four or five minutes. Refresh under cold water. Carefully trim off the outer skins, combine all the other ingredients in a braising or sautéing pan and bring to boiling point, add the onions and cook, not too fast, until the sauce reduces and thickens slightly so that it becomes syrupy. Allow to cool completely before serving.

COURGETTES AND TOMATOES

Should you happen to have quantities of tomatoes not quite good enough for using in a salad, here is an effortless way to turn them into a useful sauce.

Roughly quarter as many tomatoes as you can and squash them into an earthenware casserole. Roughly cut up a lot of garlic (no need to peel it) and add it. Pour over a spoonful of olive oil, add, if you like, a few peppercorns and some sprigs of marjoram and place the covered casserole in the oven at whatever temperature is convenient, depending on what else you happen to be cooking. It does not matter if you cook hot and fast or cool and slow. When the tomatoes are quite disintegrated push the whole lot through a Mouli, using a fairly fine disc. Tip into a saucepan, season with anchovy essence or salt

and reduce by fast boiling to the consistency required. Tip into an airtight jar, cover the tomato sauce with a layer of olive oil and this way it will keep in the fridge for quite a while.

OVERGROWN COURGETTES

This dish can be eaten hot or cold, but I really think it is best cold. It can even be cut into small pieces and eaten in your fingers with a drink, depending on how much filling you use and how large your courgettes are. All you need is some tomato sauce (as described above), a tin or two of anchovy fillets and some overgrown courgettes (normal ones are, of course, just as good).

Slice the courgettes in half lengthwise and, with a teaspoon, scoop out the soft seed bed and pulp. Sprinkle salt over the cut area generously and leave for at least half an hour or more. Rinse off salt under the cold tap and dry well. Fill each cavity with the tomato sauce, and lay an anchovy fillet or two on top. Place in a shallow baking dish and bake uncovered in a hot oven until the courgettes are tender. When cold it is possible to slice them across to make manageable portions.

ANOTHER WAY WITH COURGETTES

If you have a food processor, use the chopper disc to cut up the courgettes which you have de-seeded. If you do not, simply cut the courgettes into chip-size chunks, place in a colander and sprinkle salt over, leaving for half an hour. Finely slice an onion or two and a couple of small, fresh chillies. Over a low heat gently sauté the onions and chillies in very little oil. Rinse and well dry the courgettes and add them to the onions with some lemon juice and pepper. Sauté until well heated through and beginning to soften, then add a bunch of well chopped parsley. Stirring frequently, continue to cook briefly.

Dry fry some sesame seed until it is golden brown and, just before serving, fold it into the courgettes, adding just a little salt. Serve hot with yoghurt or sour cream as a generous garnish.

CAULIFLOWER

What could be more simple and delicate than this way with cauliflower, so often the drabest of vegetables? Place a head of cauliflower, either whole or broken into florets, on a bed of fresh mint in a colander, cover it with more mint and a lid or plate that fits over the colander. Place it over fast boiling water and steam it until tender but still with a bite. Remove it to a warm serving dish, discarding the mint, season and pour fresh lemon juice over. A dollop of yoghurt on top is also good—or butter, of course.

in Next week's FT

— Computers that talk and think - on the Technology Page.

— The Management Page on Monday looks at the poor procedure of companies for recalling faulty products.

— Why modern design "doesn't sell" in Britain - on Thursday's Marketing Page.

— A major 20 page survey on every aspect of Japan - in Monday's paper.

The FT brings you the information you need — read it every working day.

No FT...no comment

Ariadne on Naxos

BY MAX LOPPERT

The latest English National Opera production of Ariadne, no more successful than the company's last, prompts a single question: why persist with Strauss's opera, a theatre far too large for when on this showing the NO cannot muster a cast, conductor, or production team to do it any justice? Even the closing of the whole work on a platform surrounded by acres of empty stage space could be deemed, given so much that is wrong with the performance, a final exemplar of the futility of the whole exercise.

The producer, Graham Vick, as made play in the press about budget-consciousness as a stimulus to imagination. It was of the skimpy look of the stage set, the Prologue given before a single scene and a pile of tables and chairs, the area gradually opening out towards the back—but the messiness of stage style, and the immature grasp of the work which it beset.

Eighteenth-century manners in the first scene, applied with heavy doses of knockabout, force the prelude accompanies, a game of musical chairs, give way in the second to a jumble of decor (designer: Russell Craig) and of stage deportment that makes for severe indignation. The nymphs, held as they are by their shiny make-up, somnambulate about, one with an Ariadne doll in hand, the harlequinade, which must be one of the least diverting of operas, has ever seen, occupies itself with incomprehensible mime routines. When the goddess arrives, she strips off golden cloak to reveal a singular torso and Bermuda shorts—one wondered for a moment whether he was about to engage Ariadne in a round of bare-knuckle fistfights. The high mixture of stylistic contrasts already contrived by composer and librettist is shattered in jejune effects of setting: it seems to me that Mr Vick has no real imaginative understanding of the work whatsoever.

Certainly, the wonderful interplay between the postulated roles of Reality and Art that emerge when all the roles are played as real, sentient characters was very little in evidence. The Prologue goes a little better in this respect, at least it is peopled with a handful of experienced performers—Norman Bailey's music master strikes the right note at once. Solly Burgess



Donald Sinden

Composer as in the previous ENO Ariadne makes something of a mess of the part. Donald Sinden's Major Demos, wizened and gowned like a Molière grandee, gives a brilliant display of Poppingtonian excess, with comports disconcertingly spat out to reach the theatre's highest tiers. But against this one invokes a long list of treasured moments reduced here to careless mediocrity; and in the Opera, led by a willing but awkward Ariadne and a Dutch Bacchus impressive in look at (if you believe the young god ought to come on as Robinson Crusoe) but mostly impossible to understand, the whole point and purpose of the work disappear almost beyond recovery.

Good singing might have helped, but there is little of that on offer. Janice Calross, particularly in the all-important upper octave: Marilyn Hill Smith sings as clearly and pronounces as busily as ever, but her Zerichetta also misfires on high—what with Miss Burgess's moments of strain, it was altogether not a happy evening for soprano top-note fanciers. The nymph trio, whose final contribution to "Time, time"

comes over loudspeakers, is taken by Anne Dawson, Linda McLeod, and Helen Lawson—better individually than as a team. Alan Opie has far more in him of Harlequin than he is permitted to realise. Jan Blinkhof, the Bacchus, disconcerts at full stretch a feeble, close stirring dramatic tenor. School of Del Monaco; fine details of pitch, dynamics, and phrasing are evidently not his strong point. (He has not been told how to pronounce "Circe" in English.)

Even with the eye and ear thus disadvantaged, the music could still have given a degree of pleasure had it been conducted with a firm, knowing, sympathetic hand. Walter Welser (ENO debut) is on this evidence an onerous conductor of little natural aptitude. The orchestral playing was tidy enough in rendering the notes, but because of serious deficiencies in rhythmic delineation, tempo choice, and the shaping of whole movements, it sounded puny and blurred. Mr Welser cringed even less skill at supporting the singers, especially those who were clearly in need of it; the Opera—all of it, not just the usual final 20 minutes—was dragged out to intolerable dullness.

Keeping the rules

Last Sunday Radio 3, in the interval of a concert by the Israel Philharmonic, gave a talk by Jeffrey Richards called *Tomorrow—the World It Hegan*, as its title suggests, with some remarks on censorship under the Nazis. In his drive for *Gleichschaltung*, Hitler's Minister for Popular Enlightenment and Propaganda, Dr Josef Goebbels, took particular interest in films, and in 1935 the state took over complete responsibility for the industry. It didn't produce many films itself; but an official, the Reichsdramaturg, approved all scripts, and the Film Credit Bank financed only the right projects.

Straight propaganda was restricted to news films, but even in comedies and romances there had to be a touch of nationalism, elitism or racialism. "When a film is obviously used for propaganda, it is largely ineffective," it was said in 1937. "It is when it is used for entertainment, then you get the most subtle of all propaganda."

RADIO

B. A. YOUNG

These remarks, as it happens, weren't made by Goebbels but by Oliver Stanley, President of the Board of Trade in the British Government. In the 1930s, propaganda was as rife in our films as the Germans, and few who lived through the 1930s would deny that this was proper. Edward Shortt, President of the British Board of Film Censors, believed his duty was to "shape opinion." There was pre-censorship of scripts, as many as 30 per cent of them. True, most of the BBFC rules concerned morality, but national pride and silence were there. Newsreels, the films, despite the censors (which they invented themselves), have done much to keep up with current opinion. Where state control is more evident is in broadcasting. Both radio and television must keep to the rules laid down by the BBC and the IBA. We've come a long way since 1928, when the ban was lifted on broadcasts of any political, industrial or religious controversy; but how little we seem to nurture in 20 years.

Will it seem right to them that political extremists have no access to the air? Will the requirement to make space for a religious slot still appear

logical? Will not the carefully preserved lack of official leaning to one side or another look as bourgeois and colourless as the strictly-censored theatre under the Lord Chamberlain?

Even that model of impartiality, Sir Robin Day, once stood as a Liberal candidate in an election; yet whatever his views now, he must not air them to the World at One. We have had some new voices calling the World this week. John Sergeant, bad Sunday's saint, and did far from well in his contest with Dr Owen on the telephone. On the other hand, Nick Ross, whom I much admire when I catch him on television before breakfast, was admirable on Monday, when he was apparently standing in for Brian Wilkie, if we may believe the Radio Times.

And we'd better believe it. It's been running now for 60 years, and this week has 12-page editorial supplement to remind us, for instance of the Beethoven Number in 1927, of Lord Reith's personal announcement of King George V's death, of T. S. Eliot reading "Ash Wednesday" on the radio, of television systems broadcasting on alternate weeks in 1936. Two whole pages of letters remind us why the BBC is as it is; though none of them gives the faintest hint that in 1983 easily the greatest number of listeners listen only to Radio 1.

There was a fascinating talk on Saturday about two different television systems broadcasting on alternate weeks in 1936. Two whole pages of letters remind us why the BBC is as it is; though none of them gives the faintest hint that in 1983 easily the greatest number of listeners listen only to Radio 1.

Not surprisingly, he stayed home and decided to be a "gentleman amateur." By chance, he had a story accepted by *Weird Tales*, and went on writing them. The programme, adorned with atmospheric sound and admirably read by David Lang (as Lord Reith), Lillian Fairman and Gerard Green was written by Mike Walker and narrated by Hugh Burden. I was entranced.



Edward Fox, Jill Bennett and Peter Baldwin

The Dance of Death

BY MICHAEL COVENEY

The new season at the Royal Exchange in Manchester opens inauspiciously with Kenneth MacMillan's uncanny and ill-judged revival of Strindberg's 1900 study of a dead and disastrous marriage, *The Dance of Death*, although set in a circular tower on a fortified island, proves curiously resistant to this "in-the-round" theatre, its hellish concentration of marital vitriol and vindictiveness displaced in the Exchange's fickle acoustic and contrived into a perfunctory dramatic design.

In a famous production, Max Reinhardt opened and closed the proceedings with the Captain of Artillery and Alice, his wife, staring upstage in mutual isolation away from the audience. Sir Kenneth—whose first major theatre production this is, following a recent fringe Ionesco double bill—presents us initially with the sight of Jill Bennett, "half" as Edward Fox in a rocking chair. After studying the Captain's hairstyle for several minutes, I caught a glimpse of Mr Fox's face which was equally unyielding. He plays as if suffering from lockjaw, squinting through half-closed eyes. He is supposed to be ten years older than his wife, a fact never remotely credible with this casting.

It is not, however, on its own terms, a performance without interest. The physiological accuracy of the Captain's collapse and subsequent ramblings

are caught with a glancing, strange complexity. Mr Fox at last opening his eyes on the couch to query the onset of annihilation. And there is a cruel relish to the Captain's jeering reference to Alice's sacrificed acting career when the mutual friend, her cousin Kurt, arrives to pay his respects on his way to the society party down the road.

What we have, in fact, is the sight of a clubland loony puffing on his cigars and enjoying the role of a persecuted eccentric. Instead of Strindberg's raucously tragic creation of a man driving himself and his marriage to the brink of destruction, Miss Bennett and Mr Fox circle each other warily, landing a few jabs here and there, but hardly the body punches required to influence the outcome of a heavy-weight contest. Mr Fox fails to unleash the virulent, tortured anguish and even, surprisingly in these circumstances, makes a hash of the Hungarian dance.

Peter Baldwin is lightweight casting as Kurt, with the result that his explosion of lust for Alice goes off like a damp squib. Kurt is the amateur psychoanalyst drawn unwittingly into the whirlpool of a transformation that here goes entirely unexplored. The tactical switches of the second act (the Exchange performs only Strindberg's first part, ignoring the more optimistic coda with the two grown-up children) are deftly managed

and there is a muffled elegiac quality in the final terrifying compromise. But Jill Bennett's resigned misery at the news of an extended sentence, although beautifully expressed, is robbed of any heart-stopping resonance.

Michael Meyer's translation is used, if not strictly adhered to. Kurt observes that there is death under the floorboards, rather than corpses. And the theatre's requirements make it impossible for the Captain to start the lost scene by throwing his cigars out of the window. The play ends on the same note as when it began. Mr Fox fully illustrating at least the Captain's understanding that the art of living is a question of blotting out the past. But that is not really enough.

The last Royal Exchange season is generally held to have been a disappointment, a feeling reflected in the theatre's poor showing in the nominations, just closed, for this year's Manchester Evening News Theatre Awards. This is a surprisingly thin-looking list for an area thriving with activity, and I can hardly see this *Dance of Death* entering the considerations for next year's trophies.

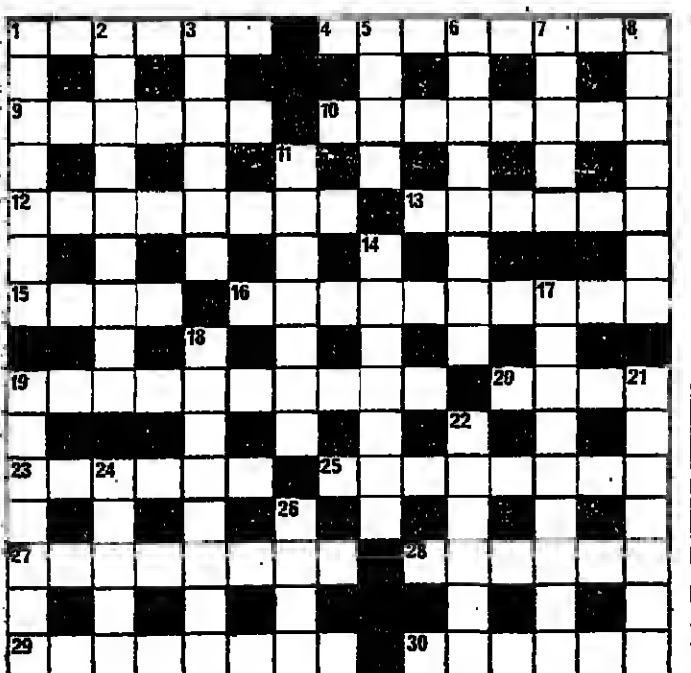
Still to come in the Exchange's autumn season, however, are *Hamlet* with Robert Lindsay, a new adaptation of *Moby Dick* (no replacement announced as yet for the defunct Patrick McGeehan), and *O'Casey's The Plough and the Stars*.

F.T. CROSSWORD PUZZLE No. 5219

A prize of £10 will be given to each of the senders of the first three correct solutions opened. Solutions must be received by *free Thursday*, marked *Crossword* in the top left-hand corner of the envelope, and addressed to the *Puzzle* Editor, 10 Cannon Street, London EC4A 3DF. Winners and solution will be given *free Saturday*.

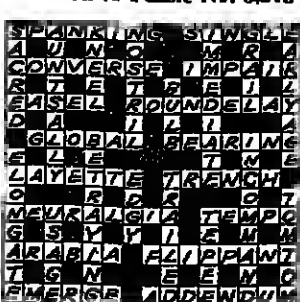
Name

Address



- ACROSS**
- 1 Sticky situation for ginners in Stirling? (16)
 - 2 Idyl of former days put into words? (8)
 - 3 Grace's partner has a 5 in 4 (6)
 - 4 Honest and holy man, current about article (8)
 - 5 Flower makes birds almost sound like cats (8)
 - 6 A perfume rising? (6)
 - 7 Raffle that isn't won (4)
 - 8 Allow quarter to fractions for replacements (5, 5)
 - 9 Probable union members on TV? (6, 4)
 - 10 Does it waste into Garibaldi biscuits? (4)
 - 11 Swears horribly, getting fish (8)
 - 12 A glass at sea—outside church, preferably (8)
 - 13 Army unit, for example: I'm divided about it (8)
 - 14 Recover when in the red, maybe—or vice? (6)
 - 15 Caution induced by something less than fatigue (8)
 - 16 Man kept fast? (6)
- DOWN**
- 1 Made quater? Warner had priority? (7)
 - 2 One part of speech in grade featuring angles? (3-4)
 - 3 Suppress in court? (6)
 - 4 Stake, not pnt (4)
 - 5 Varied patterns of architecture (8)
 - 6 Black sheep needs rouge (5)
 - 7 Less than accurate about not a large child could exemplify it (17)
 - 8 Grace's partner has a 5 in 4 (6)
 - 9 Honest and holy man, current about article (8)
 - 10 Flower makes birds almost sound like cats (8)
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 - 17 A glass at sea—outside church, preferably (8)
 - 18 Army unit, for example: I'm divided about it (8)
 - 19 Recover when in the red, maybe—or vice? (6)
 - 20 Caution induced by something less than fatigue (8)
 - 21 Man kept fast? (6)

Solution to Puzzle No. 5218



* Indicates programme in black and white

BBC 1

- 6.25 am Open University, 8.55 Edding Kennedy in "God Housekeeping", 9.15 The Get Picture Show, 11.15 Saturday Morning, 12.12 pm Weather, 12.15 Grandstand, including 12.45 News; Football Focus (12.20); Motor Racing Focus (12.50); Golf (1.05, 2.40, 3.55) The St. Mellion Timeshare Tournament; Players Championship from Cornwall; Racing from Newbury (1.50, 2.20, 2.50, 3.20); Championship Darts (2.10, 3.10, 3.55) The Unipart British Professional Championship; 4.35 Final Score; 5.10 Ireland only: 5.05 Northern Ireland Results; 5.15 The Dukes of Hazard; 6.00 News; 6.15 London—Sport: South-West Plymouth—Spotlight Sport; Other English Regions—Sport/Regional News; Scotland—Scoreboard; Wales—Sports News; Wales: Northern Ireland—Northern Ireland News; 6.20 The Noel Edmonds Late Late Breakfast Show; 7.05 Blankety Blank; 7.40 Julie Bravo; 8.00 Three of a Kind; 8.30 News and Sport; 9.15 The Last Night of the Proms; BBC 1 joins Radio 3 at the Royal Albert Hall where the musical festivities are directed by Norman Del Mar; 10.25 (not Scotland) Match of the Day; 10.25 (Scotland) SportsScene; 11.15 Saturday Late Film: "Mon in the Wilderness" starring Richard Harris.

BBC 2

- 6.25 am-10 pm Open University; 6.45 Saturday Cinema: "The Toad of New York"; 6.00 Championship Darts; 7.00 Grand Slam; 7.25 News and Sport; 7.40 Fly on the Wall; 8.10 Championship Darts; 9.00 "Serpico", starring Al Pacino; 11.05 News on 2; 11.15 Championship Darts; 12.15-12.45 am The Twilight Zone.

LONDON

- 6.25 am TV-am Breakfast Television; 9.25 LWT Information; 9.30 Sesame Street; 10.30 The Saturday Show with Isla St. Clair and Tommy Boyd; 12.15 pm World of Sport: Introduction

SOLUTION AND WINNERS OF PUZZLE NO. 5213

Mrs A. Hesse, 27 Rocevale Court, Roman Terrace, Leeds LS2 2DU.

Mr Rex de la Haye, 19 Park Road, Dalkeith, Midlothian.

Mr G. R. Slater, 2 Stratton Drive, Barking, Essex.

- duced by Dickie Davies; 12.00 Rock Climbing from Liadobers Pass, Snowdonia; 12.30 Water Skiing—The Survivors; 12.45 News; 12.50 On the Ball; 1.20 Rock Climbing; 1.45 Karting—The TV Times Superkart Challenge; 1.40 Racing from Ayr; 1.55 Rock Climbing; 2.10 Racing from Ayr; 2.15 Speedway—Embassy British Open; 2.40 Racing from Ayr; 2.55 World Championship Boxing and Rock Climbing; 3.45 Half-time Soccer Round-Up; 4.00 Wrestling; 4.45 Results; 5.15 News; 5.30 The Franks Club; 5.35 The Fall Guy; 6.30 Game for a Laugh; 7.30 Punchlines; 8.00 Hart to Hart; 9.00 News and Sport; 9.15 The Movers; 9.20 "Sweeney 2" starring John Thaw and Dennis Waterman; 11.15 Clive James on Television; 11.45 London News Headlines followed by Pink Floyd at Pompeii; 12.45 am Profiles in Rock: The Who; 1.15 Followed by Night Thoughts with Dr A. A. Mougham.

CHANNEL 4

- 2.05 pm Counting On (repeat); 2.30 Beau Geste; 2.45 Gary Cooper, Ray Milland and Cooper Preston; 4.35 Well Being; 5.05 Brookside; 6.00 Video Video; 6.30 News Headlines followed by "A Working Art at Cambridge"; 7.00 A Waking Faith; 7.30 My World, and Welcome to It; 8.00 The Story (So Far) of Mr and Mrs McGregory's Amazing Marching Band; 8.30 Children; 9.00 The Charterhouse of Parma; 10.05 Cable Williams; 11.10 "Pride of the Yankees" starring Gary Cooper and Teresa Wright; 11.40 pm (Drama); 1.50 A Week in Politics; 2.30 Oingo; 2.55 Horror Landscapes; 3.20 Oingo; 3.50 Search of Paradise; 4.05 Making the Most of It; 5.15 Feeding New News; 5.40 Little House on the Prairie; 6.10 Newsworthy; 7.15 Gail O'Grady; 7.40 Tree Trunk; 8.30 Lads; 8.40 Meat Cheaters; 10.05 Charterhouse of Parma; 11.00 Accidental Death of an Anarchist.

CHANNEL 5

- 2.05 pm Counting On (repeat); 2.30 Beau Geste; 2.45 Gary Cooper, Ray Milland and Cooper Preston; 4.35 Well Being; 5.05 Brookside; 6.00 Video Video; 6.30 News Headlines followed by "A Working Art at Cambridge"; 7.00 A Waking Faith; 7.30 My World, and Welcome to It; 8.00 The Story (So Far) of Mr and Mrs McGregory's Amazing Marching Band; 8.30 Children; 9.00 The Charterhouse of Parma; 10.05 Cable Williams; 11.10 "Pride of the Yankees" starring Gary Cooper and Teresa Wright; 11.40 pm (Drama); 1.50 A Week in Politics; 2.30 Oingo; 2.55 Horror Landscapes; 3.20 Oingo; 3.50 Search of Paradise; 4.05 Making the Most of It; 5.15 Feeding New News; 5.40 Little House on the Prairie; 6.10 Newsworthy; 7.15 Gail O'Grady; 7.40 Tree Trunk; 8.30 Lads; 8.40 Meat Cheaters; 10.05 Charterhouse of Parma; 11.00 Accidental Death of an Anarchist.

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BORDER

- 8.25 am Cartoons; 8.40 Tarzan; 9.35 pm Chips; 11.20 Journey to the Unknown.

CENTRAL

- 8.25 am The Wonderful World of Professor Kitzel; 8.30 Profiles in Rock; 10.05 Yocky the Viking; 5.35 pm Chips; 11.20 Journey to the Unknown; 11.40 Tarzan; 11.50 Chips; 12.00 Chips; 12.10 Chips; 12.20 Chips; 12.30 Chips; 12.40 Chips; 12.50 Chips; 1.00 Chips; 1.10 Chips; 1.20 Chips; 1.30 Chips; 1.40 Chips; 1.50 Chips; 2.00 Chips; 2.10 Chips; 2.20 Chips; 2.30 Chips; 2.40 Chips; 2.50 Chips; 3.00 Chips; 3.10 Chips; 3.20 Chips; 3.30 Chips; 3.40 Chips; 3.50 Chips; 4.00 Chips; 4.10 Chips; 4.20 Chips; 4.30 Chips; 4.40 Chips; 4.50 Chips; 5.00 Chips; 5.10 Chips; 5.20 Chips; 5.30 Chips; 5.40 Chips; 5.50 Chips; 6.00 Chips; 6.10 Chips; 6.20 Chips; 6.30 Chips; 6.40 Chips; 6.50 Chips; 7.00 Chips; 7.10 Chips; 7.20 Chips; 7.30 Chips; 7.40 Chips; 7.50 Chips; 8.00 Chips; 8.10 Chips; 8.20 Chips; 8.30 Chips; 8.40 Chips; 8.50 Chips; 9.00 Chips; 9.10 Chips; 9.20 Chips; 9.30 Chips; 9.40 Chips; 9.50 Chips; 10.00 Chips; 10.10 Chips; 10.20 Chips; 10.30 Chips; 10.40 Chips; 10.50 Chips; 11.00 Chips; 11.10 Chips; 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For whom the Belle rolled

BY JANET MARSH

THE BRIGHTON BELLE was a beautiful train, says the brochure of the exhibition devoted to this small piece of railway history that has just opened at the Brighton Gallery where it continues until November.

It is just over a decade since the Belle last ran, but already it seems to belong to a far-off past, before Jimmy Saville the great leveller assumed the role of spirit of the iron-road.

Among the great trains of the world, the Brighton Belle is not in the same league as the Train Bleu or the Orient Express, of course; but it had its own special style.

Its great days were between the wars, and to the end it still had something of that gracious never-never world of the old railway posters in which ladies and gentlemen of undoubted leisure and easy elegance were huddled on the limousine-lined lavans of grand hotels, while beaming porters bustled about in the background with their shiny leather luggage.

Its commuter character gave the Belle more the atmosphere of a club than the normal Pullman train. It was a special favourite of London theatricals who dined in the Pullman, and Lord Olivier (then Sir Laurence) might often be seen savouring kippers that were a speciality of the cuisine.

George Pullman's business philosophy was that if he provided a better product, regardless of the cost, somebody would pay the price. (In 1909 a Pullman return trip from Victoria to Brighton cost all of 12 shillings.)

The first luxury sleeping car produced by the Pullman Palace



Car Company of Chicago appeared in 1895, and the first one came to England in 1874. Already in 1879 a Pullman service to Brighton was inaugurated, and raised eyebrows not only by running on the Sabbath, but also by the large size and Transatlantic flourish of the coaches.

It was after the establishment of a British Pullman Company that the Southern Belle was inaugurated in 1908; the name was only changed to the Brighton Belle in the early 1930s, when the line was electrified. Brighton had special links with the Pullman Company by this time, since the main body works had been established close by at Preston Park in the twenties.

The exhibition illustrates all the art, craft and artefacts that made the Belle, from the saucers and alchemical devices of the galleys to the locks and light fittings, at first in solid Edwardian brass, later in silver plate to suit the art deco styles of the great days. There are posters, brochures, menus, cutlery, massive Maple chairs from

the first class coupes and those curious, conical celluloid lampshades that never changed in the last 40 years of Pullmans. A magnificent model of a Pullman coach that used to stand in the Preston Park works and is now lent by the Science Museum, shows the extraordinary craft of the body-builders 70 years ago, when most of the structure was still in wood.

A special feature of the Belle carriages was the superb decorative matrepetry panelling, to standards of craftsmanship unattainable today. British Rail destroyed most of it on bonfires during the years of Beeching euphoria.

The few examples that were saved, like those in the Brighton exhibition, are now treasurable collector's pieces.

The Brighton Belle exhibition is just next door to the Pavilion, which should at all costs be revisited with John Dinkel's new study, *The Royal Pavilion*, Brighton (Scala/Philip Wilson, £9.95; paperback £4.95) in hand. With a profusion of fine

colour photographs of architectural details, and reproductions of practically every known print or drawing relating to the building, the book is a remarkable bargain for these days of high printing costs.

Mr Dinkel, who is deputy director and keeper of the Pavilion, guides us easily through the stages of the building's slow evolution from a modest farmhouse (whose form is still sympathetically preserved as part of the facade) to become the most audacious flight of architectural fancy in Britain.

The book offers a persuasively sympathetic picture of the beguiling of the palace, the voluptuary prince and his inspired architect John Nash. Nash was a singular combination of charlatan and undoubted genius, utterly fearless in adapting himself to any style and in every new technique; the book illustrates Nash's ingenious engineering and imaginative use of new materials like cast iron to support his decorative struc-

tures.

The new technologies, Nash's 40 years of expertise and the royal purse were happily combined to create a work of architecture that is purely of the imagination: an Indian fantasy to enclose a dream of old China.

At first sight it might appear a singularly reckless gesture for the Prince Regent to have chosen this moment to build so extravagantly, in defiance both of national puritanism and of the current of taste (Chinoiserie had been out of style for decades, though the Pavilion was to bring it back).

The country was just emerging from the Napoleonic Wars, in dreadful economic shape. The bloody overthrow of the French monarchy was still perilously close in the memory.

Yet Mr Dinkel points out that, conscious or not, there was method in Prince's grandiose fantasies. He perceived that monarchs must also be shown. The modest homes his father and forebears inhabited were a scandal among the more flamboyant princes of Continental Europe.

The British public may not have approved of the private life of the eventual George IV, but they loved the glamour of his great coronation, the grandeur of his restored Buckingham Palace and Windsor Castle, and the ambition of the triumphal parade he planned to Recent's Park.

He gave to the British monarchy a lasting sense of style. In the Pavilion (which the city purchased from the Crown in 1850) he bequeathed to Brighton its most permanent and irresistible tourist attraction.

Can Australia II beat the jinx? Bob Fisher reports

For want of a nail . . .



Another bid for Australia

IT IS a generally accepted fact that twice before in the America's Cup the Australians have had the faster boat and lost the series. It would appear that history could easily repeat itself this time.

Alan Bond's Australia II from the Royal Perth Yacht Club has displayed appreciably greater speed than the New York Yacht Club's defender Liberty but has yet to cross the finishing line ahead. Each time the reason for the Australian failure has been different - this time Australia II has suffered a major breakdown in the first two races.

The failure of Australia II to win the cup with faster boats dates back to the first challenge from down under in 1962 when Sir Frank Packer's Sydney syndicate challenged with the Alan Payne-designed Grel against Weatherly.

Sir Frank treated the Grel like he did his newspaper business, hiring and firing as he, and he alone, thought fit. He never allowed a crew to settle and had some strange choices for it including some rather elderly friends. Even so, Grel did manage to win one race.

The next Australian challenge failed dismally as the Americans came up with a host as radically different to the Dame Pattie as Australia II is in this year's competition. Intrepid was the breakthrough boat, the first 12-metre to have the rudder separated from the keel and the left Deme Patis to wallow in her wake. But the next challenge from the Royal Sydney Yacht Squadron was a completely different kettle of fish.

Alan Payne was once again the designer and his Grel II was as good as Intrepid had been three years before and better than the American boat which had been altered and in everyone's eyes was a slower boat than she had been in 1967.

Grel II did win one race and finished ahead in another only to lose that victory in the protest room by one of the most hotly-disputed decisions in Cup history. Superior speed and skill have

kept the Americans ahead in each of Alan Bond's three previous challenges but this time the Perth entrepreneur has the yanks worried. Australia II was easily the best of the seven challengers that took part in the three months of trials to select the boat to meet Liberty in the cup races, winning 48 races and losing only six.

What she didn't get, however, was the weather like that for the first two races of the Cup proper - winds of 12-22 knots - which are testing her gear more than it ever was before.

And those winds have taken their toll. Bond has trimmed his squad until there are only 28 in Newport, including the 11 who race the boat, to maintain this highly sophisticated boat and its complex gear.

It might be that he has trimmed too closely and given himself an unnecessary problem.

The first race was lost when a lug holding a pulley with a steering cable running through it fractured and the crew struggled for eight minutes to rig a temporary replacement, losing a minute or more to

Liberty.

In the second race the crew, which takes the head of the mainsail to the top of the mast broke four minutes before the start and tore the sail allowing it to slip a foot down the mast. Nothing could be done to put it right, yet in spite of this Australia II led for half the race.

It was a failure that had happened before. During the selection trials a similar carabiner had snapped and there was other damage when a crewman was seriously injured. In spite of Bond's assertion that biva downers have been limited to three and "it is unfortunate" for us that two of them have been on successive days during the Cup, there is clear evidence that Australia II has suffered nine during the time that she has been in Newport.

Most of them could have been avoided by a more carefully planned routine maintenance. Dennis Connor, Liberty's skipper, has as his maxim, "Exercise to lose." Bond could well emulate him for it does now seem that Australia could fail - for the want of a nail.

The acceptable face of philately

I SHOULD have been attending a party last night to celebrate the 20th anniversary of the Philatelic Bulletin, published by the British Post Office, but by the time this appears I shall be somewhere in North America on holiday.

Since this is always something of a busman's holiday I shall doubtless be revisiting the Philatelic Museum in Ottawa, whose philatelic counter, manned by two charming ladies, is housed in a replica of a log-cabin - most offices of frontier days. Their courteous and helpfulness is something I remember from a previous visit and, indeed, I recall the excellent service offered at the philatelic counters in Toronto and Winnipeg over the past decade.

By contrast, I have to admit that the quality of services offered at those philatelic sales counters I have visited in the U.S. has been uniformly abysmal. I am not one of your ultra-fastidious beings who expresses a desire for a perfectly centred stamp torn from the middle of the sheet, nor even one of those creatures

with a penchant for plate blocks and other marginalia. All I seek is a set of the latest commemoratives, and perhaps one of each of the latest definitives. American sales staff are programmed to provide only what is specifically requested - and the simple tourist who merely asks for "one of everything" gets a dusty answer.

The system requires overhauling to cope with the increasing number of overseas visitors coming to the U.S. each year, since it is obviously geared to the requirements of the domestic market, where collectors know exactly when the next issue is due and precisely what denominations exist.

This exceedingly casual attitude is a far cry from the brisk efficiency of the philatelic counters in European countries whose postal administrations have long appreciated that the revenue from the impulse purchases of foreign visitors was a not insubstantial part of the tourist industry.

To the confirmed philatelist this method of purchasing stamps may not be ideal,

though I must point out that among my better investments was the little album which my parents brought back as a souvenir of their holiday in Ireland in the 1850s.

Long before it had a philatelic bureau, the Irish Post Office had a sales counter in Dublin, where one could buy a complete collection, going back to the O'Connell set of 1829 - all for a mere £2, but today worth many times more.

It was from a philatelic counter in Melbourne that I got those presentation packs containing the high value definitives - "Specimen" overprint - long neglected, but now listed at astronomical sums by all the standard catalogues.

The British Post Office was a relatively late starter in this field, having for long held the robust view that philatelic sales were a matter only for San Marino and Liechtenstein. A stamp was a piece of sticky paper invented as a convenient method of denoting the prepayment of postage - and nothing more.

Although King George V might have been a stamp col-

lector, and therefore lent respectability to the hobby, the Post Office continued to look upon philatelists as a nuisance and regarded neither their needs nor the lucrative revenues from this source.

There were occasional chinks in this wall of indifference. When a two-shilling stamp booklet was launched in the London area in April 1939

STAMPS

JAMES MACKAY

arrangements were made for provincial collections to write to a department of the Post Office to obtain examples.

Those of us who persevered with the red tape at that time have been well rewarded, since this elusive item now retails at around £7 - or 70 times its face value. In the ensuing four years other temporary arrangements were made, as the Post Office became more sympathetic to philately.

Trevor Bailey on cricket's long, hot summer

A funny thing happened

THE FIRST-CLASS cricket season which began in the monsoons of April ended in sunshine with my old county, Essex, winning the Schweppes County Championship after an exceptionally close, prolonged race against Middlesex. It had been an odd and whimsical summer.

The sun shone almost continually for three months, unfavourable India carried off the Prudential World Cup, the New Zealanders failed to take a century off a limited England attack in four Tests; a promising left-arm, Cook, was called into the team because of an injury to Edmonds and enjoyed a sensational debut, though to suggest the arrival of a world-class spinner is premature.

Last Sunday, Yorkshire, under a 51-year-old skipper, with arguably their weakest team, which finished bottom of the championship



Celebration time for Fletcher and Essex.

table with only one win, won back the John Player League, the championship.

The success of Essex will please not only their own supporters, but most cricket lovers, because it was achieved by an accomplished, well-balanced team who still enjoy their cricket and have retained their sense of humour.

The humour was much needed on a number of occasions by both their players and followers, as they were involved in so many bizarre events. Essex were cruising home against Kent in the NatWest trophy competition with plenty of wickets and overs to spare, and then sank in the final overs. A few days later they made a present of the Benson and Hedges Cup to Middlesex.

In championship matches having shot out respectively Hampshire and Middlesex in their first innings, they saw Hampshire record their highest ever second innings total to win the game and Middlesex to make their largest total for 30 years to save it.

However, their most remarkable performance was dismissing Surrey for 14 after having first put together a reasonable score of 283 including a century from Keith Fletcher. Predictably, Surrey had no problems avoiding defeat.

Although Fletcher, who led his team with customary skill, was assisted by losing nobody to international duty, apart from Foster for one Test, he had under his command some good-quality batsmen, including McEwan, in tremendous form. Lever the most effective, the very promising Foster, the slightly enigmatic Philip, the improving Pringle and the dependable Turner, two potential match-winning slow bowlers and an outstanding young wicket-keeper.

At one time Middlesex were in serious contention for three titles. At full strength they were, in my opinion, the best cricket side on the circuit, but a combination of Test calls and injuries, especially those to Butcher and Slack, proved too big a handicap, and they had to settle for the Benson and

Liberty. In the second race the crew, which takes the head of the mainsail to the top of the mast broke four minutes before the start and tore the sail allowing it to slip a foot down the mast. Nothing could be done to put it right, yet in spite of this Australia II led for half the race. It was a failure that had happened before. During the selection trials a similar carabiner had snapped and there was other damage when a crewman was seriously injured. In spite of Bond's assertion that biva downers have been limited to three and "it is unfortunate" for us that two of them have been on successive days during the Cup, there is clear evidence that Australia II has suffered nine during the time that she has been in Newport. Most of them could have been avoided by a more carefully planned routine maintenance. Dennis Connor, Liberty's skipper, has as his maxim, "Exercise to lose." Bond could well emulate him for it does now seem that Australia could fail - for the want of a nail.

THEATRES

ROYAL DRAMATIC SOCIETY: *Antony and Cleopatra*. (Mon-Tue) 7.30, 9.15. (Wed) 7.30, 9.15. (Thurs) 7.30, 9.15. (Fri) 7.30, 9.15. (Sat) 7.30, 9.15. (Sun) 2.30, 7.30. (Mon) 7.30, 9.15. (Tue) 7.30, 9.15. (Wed) 7.30, 9.15. (Thurs) 7.30, 9.15. (Fri) 7.30, 9.15. (Sat) 7.30, 9.15. (Sun) 2.30, 7.30.

SWANSEA THEATRE: *The Taming of the Shrew*. (Mon-Tue) 7.30, 9.15. (Wed) 7.30, 9.15. (Thurs) 7.30, 9.15. (Fri) 7.30, 9.15. (Sat) 7.30, 9.15. (Sun) 2.30, 7.30. (Mon) 7.30, 9.15. (Tue) 7.30, 9.15. (Wed) 7.30, 9.15. (Thurs) 7.30, 9.15. (Fri) 7.30, 9.15. (Sat) 7.30, 9.15. (Sun) 2.30, 7.30.

ST. MARTIN'S THEATRE: *The Taming of the Shrew*. (Mon-Tue) 7.30, 9.15. (Wed) 7.30, 9.15. (Thurs) 7.30, 9.15. (Fri) 7.30, 9.15. (Sat) 7.30, 9.15. (Sun) 2.30, 7.30. (Mon) 7.30, 9.15. (Tue) 7.30, 9.15. (Wed) 7.30, 9.15. (Thurs) 7.30, 9.15. (Fri) 7.30, 9.15. (Sat) 7.30, 9.15. (Sun) 2.30, 7.30.

SHAFESBURY: *The Taming of the Shrew*. (Mon-Tue) 7.30, 9.15. (Wed) 7.30, 9.15. (Thurs) 7.30, 9.15. (Fri) 7.30, 9.15. (Sat) 7.30, 9.15. (Sun) 2.30, 7.30. (Mon) 7.30, 9.15. (Tue) 7.30, 9.15. (Wed) 7.30, 9.15. (Thurs) 7.30, 9.15. (Fri) 7.30, 9.15. (Sat) 7.30, 9.15. (Sun) 2.30, 7.30.

ART GALLERIES: *The Taming of the Shrew*. (Mon-Tue) 7.30, 9.15. (Wed) 7.30, 9.15. (Thurs) 7.30, 9.15. (Fri) 7.30, 9.15. (Sat) 7.30, 9.15. (Sun) 2.30, 7.30. (Mon) 7.30, 9.15. (Tue) 7.30, 9.15. (Wed) 7.30, 9.15. (Thurs) 7.30, 9.15. (Fri) 7.30, 9.15. (Sat) 7.30, 9.15. (Sun) 2.30, 7.30.

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Saturday September 17 1983

Simple-minded U.S. policies

MR NIGEL LAWSON does not seem to care whether he is a popular Chancellor, but has all the more chances on that account to prove an effective one. His sudden moves to block offshore tax loopholes—one in the North Sea, and another in the Channel Islands—are widely regarded as unorthodox because they break the unwritten rule that any loophole which survives one Budget will remain open until the next. Ordinary taxpayers, who are probably paying rather more tax than they need, should be grateful. He is showing an equally determined face to the spending departments and to the public sector unions. Clearly he regards the basic skill of national housekeeping as a matter of hard, detailed graft. He proves imaginative as well as tough, he could prove to be a very good Chancellor indeed.

Track record

For the world at large, however, Mr Lawson's performance is only of minor importance; it is his American opposite number, Mr Donald Regan, who influences the future of every developed country, and still more the future of the debtor countries in the developing world. He has a much longer track record than Mr Lawson, but it is unimpressive. He is an aggressive one. This may seem odd, since the proclaimed economic policy of the two governments is in many ways similar; but there is all the difference in the world between reclaiming a set of slogans—against inflation, in favour of the market economy—and adopting them as actual working rules. American policy still looks far too much like the former.

To be sure, the American system of Budget-making, a constant bargaining process between the Administration and Congress, goes a long way to paralyse fiscal policy in the short run. That is one reason why the American policy debate is not so much about this year's deficit, but the deficits expected in 1984 and as far ahead as 1986. This is not all, though: the debate routinely takes in all the long-term issues about programmes which Mr Lawson is now trying to get on to the agenda.

A slow-motion fiscal machine means that day-to-day management leans far more heavily on the U.S. on monetary actions than it does here. Given the importance of U.S. monetary policy not only to the U.S. economy, but to the whole of the world, one might hope that it would be uniquely sophisticated and well-informed. Alas, these are not the objectives one would choose. The weekly ceremony of national mail-biting ahead of the Friday money-supply estimates (which incidentally can

make these commentaries rather difficult to compose at times) is a sign of how far U.S. policy has slid into mumbo-jumbo. The weekly figures, as the governors of the Fed well know, are virtually meaningless; a random slip in the transit items, or a calculating error by one major bank, can produce a drastically wrong number; but even if the numbers were right, they would not mean much. Even in a closed economy, the liquidity of the private sector can swing sharply in the short run through the ordinary accidents of tax accruals, the timing of share and bond issues, and the mood of the investing public. As every practitioner in London knows, it is the underlying trend which matters.

However, America is very far from being a closed economy, and this is one reason why the authorities there are becoming increasingly confused about the meaning of the underlying numbers. Since it might be bad for confidence if the authorities admitted that they simply do not know what the numbers mean, they talk in code. In London it is customary to talk about "the importance of watching more than one indicator"—which, since the indicators routinely contradict one another, means flying by the seat of your pants. In America, the authorities use this excuse too, but prefer to change in a "calculated" way means tolerating a monetary overshoot if you feel like it.

However, excuses are only useful if they are convincing, and there have been growing signs that neither Wall Street nor the Treasury Secretary, Mr Donald Regan, have been convinced by the excuses for a relatively lax approach. A scared Wall Street, egged on by a worried Treasury Secretary, can in the end impose its own monetarist discipline on bond prices and money market rates are dragged up behind bond yields.

Sensible targets

That, broadly, and in fits and starts, is the history of recent months; and high real interest rates explain why the U.S. recovery and the equity market — is now faltering, and why the international debt crisis rumbles indefinitely on. What is needed is a more sophisticated analysis which would give significance to the money numbers—including the vast but now shrinking sums held offshore—which would reassure the markets that a currency rise is persistently tending to rise in the exchanges is hardly over-abundant and would then adopt more up-to-date means, such as indexed funding, of achieving meaningful and sensible targets. We have all had an overdose of the Friday neurosis.

The jewel in Taubman's crown

By Terry Dodsworth in New York

MULTI-MILLIONAIRE, entrepreneur, quicksilver wheeler-dealer—and passionate art collector, Mr Alfred Taubman clearly fits a certain American stereotype, and it is tempting to think that the \$85m bid for Sotheby's which he will formally launch on Monday is just another example of a rich man indulging his hobby. Nothing could be further from the truth.

Mr Taubman sees himself primarily as a marketing specialist, and he has the imposing physical presence, natural ebullience and personal charm of a born persuader. It is said that he strode into the Monopolies Commission and immediately undermined the cold court-like atmosphere by shaking all the members by the hand. The common thread of all his deals, he says, from shopping malls to the 800 A & W restaurant chain and now Sotheby's, is that they take advantage of an underlying marketing opportunity.

Take one of his most recent ventures, the formation of a summer American Football League and his own controlling stake in one of the teams, the Michigan Panthers. Like Sotheby's, this could be regarded as an act of self-indulgence from a man who adores sport, and who still, at the age of 58, does a regular bout of sparring in his in-house gym ("It's very aerobic, you know"). But he still sees football as a business. "Sure it's enjoyable, but all the other kinds of business I'm in are enjoyable."

The concept was to launch a football league which could be sold to television, radio and sponsors in the summer months when the traditional season

closes up. By avoiding direct competition with the normal winter league, unlike other abortive attempts to create a second football tournament, he aimed to draw on a pool of supporters who had nowhere else to turn. After one season, Panthers are on top of the league and he believes profits are in prospect. "We didn't lose money; we made an investment," he says.

The football project was a typical example of how Taubman puts a deal together. Virtually all of his investments are made alongside friends and business associates, often from the Detroit area where he was born and has lived all his life.

Two of these collaborators, Mr Henry Ford II, the recently retired chairman of Ford, and Mr Max Fisher, the former head of United Brands, crop up time and time again in business as in private life—they all work together on plans to revitalise central Detroit. They will also be junior partners in the financing of the Sotheby's acquisition, just as they were in the staggering Californian coup which more than any other made his name as a man with a Midas touch.

This involved a nerve-racking bidding game against Mobil Oil for a huge farming estate in Orange County. Mobil's bid started at \$180m, and the Taubman group had to go all the way up to \$337m before they saw the oil company off. "There were different ways of looking at it," says Taubman laconically. Six years later, after rapid development had sent land values racing through the roof—Orange County proved to be one of the fastest growing areas in the West—the group sold out at a

colossal profit. Mr Taubman says it cleared "much more" than \$100m net on the deal for himself alone.

The Californian episode, brilliant as it was, took him some way from the original base of his business empire. This was formed out of the 1960s move towards off-centre shopping in purpose-built enclosed malls. Associates credit Mr Taubman with being one of the first to spot the trend, and probably the best at exploiting it. He trained as an architect and designed some of his 20 malls himself.

Yet while that gave him a conceptual head start on many of his competitors, this key to the business has been in the marketing control he exercises: the malls are designed with specific retailers in mind, and the Taubman managing group allocates space and juxtaposes different products as though in a giant department store.

This approach gives a strong clue to the way he will tackle the Sotheby's venture. What intrigues him in the auction house, apart from his interests as an art collector, are the possibilities for development. It is, he says, a very intriguing marketing situation. "Presentation and selection; the way things are sold and the way they are grouped, are very important. I think I could be of benefit there."

As an eclectic collector—Chinese pottery, 19th century American painting, impressionists and antiques—for the last 30 years, he knows the showrooms backwards, and it is difficult to see him standing quietly on the sidelines once the action begins.



Alfred Taubman: millionaire entrepreneur and sports promoter in a new arena

End of an era: the bid that sets the seal on a trend

THE ERA in which London dominated the world's fine arts market will come to a symbolic end on Monday when Mr Taubman's bid is formally launched.

The bid sets the seal on a trend which has been evident for some time. The pool of art available for sale has increasingly moved across the Atlantic as wealthy American buyers have scooped up more and more of the dwindling supply of British and other European art treasures. And now the Far East is also coming into its own as a major centre for the market.

Even so, Monday will have more than a little poignancy for Sotheby's. It is scarcely 25 years since Mr Peter Wilson, now retired and living in the South of France, launched the auction house on a bold period of expansion. He called it Sotheby's, after the purchase of Park Lane, the old established New York auction house.

Now the wheel has come full circle. Sotheby's, which went public six years ago, will once again become a private company. Its shares will be held by a new company incorporated in the U.S. This in turn will be owned by another American

company over which Mr Taubman will have control although he insists that Sotheby's will continue to be anchored in Bond Street.

Meanwhile Christie's—Sotheby's arch-rivals—may perhaps be forgiven for a certain smugness. "Sotheby's were mushrooming and were not far-sighted enough to see that you can't do it all at once," says Mr Martin Summers, managing director of the Leveque Gallery which specialises in French 19th century painting. "Christie's were more staid. They appeared to be number two, but they did not deviate from a well-tried formula."

Although Christie's has overtaken Sotheby's in auction turnover—£267.5m against £184.7m in 1982—mainly because it was the first to develop the untapped U.S. market, Christie's was for centuries the dominant force, handling the works of art for the British aristocracy and gentry while Sotheby's was basically a book seller.

But since Sotheby's made a success of the Goldschmidt sale of Impressionist paintings in 1938, disposing of seven pictures in 20 minutes for £781,000—at that time an extraordinary record total—

it has managed to acquire most of the really big properties, especially while Peter Wilson was chairman.

An inevitable consequence of the much fiercer competition was a willingness for the two houses to compete for big properties by reducing the commission paid by the vendor—possible after the introduction of a buyers' premium in 1975.

While it is the sale of the large collections, which catches the public eye—Sotheby's and Christie's still account for the sale of 90 per cent of the important art works that go to auction—much of their business depends on the smaller, less valuable items. Sotheby's estimates that about two-thirds of its UK turnover derives from items worth between £100 and £10,000.

Despite the increasingly mundane nature of their work, which Sotheby's, for example, has fostered with its "fast sales," they have nevertheless surrounded themselves with an aura of exclusivity.

This impression was strengthened by the affronted reaction of Sotheby's to the initial bid approach last December from Mr Stephen

Swid and Mr Marshall Cogan, men who made their money in the manufacture of carpet underlay and, admittedly, well-designed furniture.

In a distinctly snuffy reaction to the first American bidders, Sotheby's said it was "unable to identify any areas of synergy between the two companies, nor has General Felt (the Swid/Cogan bid vehicle) demonstrated any understanding of the special character of our business or the people who comprise it."

Sotheby's insists that, contrary to what Swid and Cogan say, it was never a question of elitism. "The personal chemistry was not right," says Mr Julian Thompson, chairman of Sotheby's UK operations. "It was the way Swid and Cogan approached us. With 14 per cent of our shares in the bag they came to us talking from what they regarded as a position of strength."

"They wanted to take over a people business against the will of the people. It seemed strange to us that they persevered, most extraordinary."

"Mr Taubman is the opposite in every way. He said that there was no question of his making a bid unless we

were 100 per cent behind him."

Mr Paul Whitfield, managing director of Christie's, agrees: "The art world excludes outsiders until it knows them. Most people in the business have been in it for a long time. It does regard newcomers with a certain suspicion, more so when they are not British but probably harsh and outspoken in a way one is not accustomed to in this country."

"But in another sense the art world is not exclusive. Christie's does not recruit people for social reasons, debutantes or young men who have just left the army. But in a business where you are dealing with private clients in their houses it is an advantage to have people who can talk to them on their own level."

The Monopolies Commission expressed reservations about the fact Sotheby's will publish less detailed financial information once it is under private American ownership. But the company's board has no misgivings about leaving the public arena.

"We only went public in 1977," says Mr Thompson. "In some ways we will have a better future as a private com-

pany. I'm not at all sorry to see us have a future where we don't have to be public."

Today the very best Impressionist and modern pictures are sold in New York and increasingly the highest prices in furniture and silver are paid there. London still has the edge in Old Master and in medieval and Renaissance works of art, but the relative smallness of the home market is inexorably driving sales overseas.

London will always remain important for the medium-range sales, attended by continental dealers and the lifeblood of the antique trade. There will still be important auctions of fine pictures, furniture and silver at least twice a year, and some collections, especially in areas like tribal art, antiques, and manuscripts, will sell through London. But Mr Taubman's acquisition of Sotheby's will be one more factor in establishing New York as the dominant art centre, albeit a dominance based on British expertise and British reputation.

Charles Batchelor and Antony Thorncroft

Letters to the Editor

Abolition

From the Press Officer, campaign to abolish the CLC
Sir,—Robin Pauley's report (September 12) that civil servants are "concerned" at government proposals to abolish Greater London Council and the Metropolitan Councils follows us to identify a clear case of "Yes, Minister" style advice being tendered.

These same officials will find it odd to find concentration on the following message sent to their desk tops: "The metropolitan councils and the Greater London Council have been shown to be a wasteful and unnecessary tier of government. We shall abolish them and return most of their functions to the boroughs and districts."

The Environment Secretary will be able to remind them that the above passage may be found in the Conservative election manifesto. It is a self-truth which we fully expect to see repeated in the White Paper when it appears any day now.

No evidence whatsoever has been identified which would reasonably lead one to conclude that the costs of abolition would exceed the savings. Moreover, the idea that administrative convenience would be allowed to take precedence over the public's raised expectations of a speedy end to preposterous municipalism is repulsive.

What is rightly the subject of consideration is the abolition of the Councils not scheduled to take effect until April 1986 thus allowing, for example, the bizarre set-up of County Hall to continue to make a nuisance of itself at a time when most of its powers have already been removed to other more responsible hands.

implement the remaining duties of the CLC and its counterparts immediately upon expiry of their current terms of office.

The Prime Minister is absolutely right to be "impressed" by the talk of difficulties. Additionally, the threat of a House of Lords revolt will serve only to bring into question the role of an unreformed upper chamber which will be seen to be acting expressly contrary to the wishes of a government with a specific mandate for action.

Colin Smith, 97a New Bond Street, W1.

Conveyancing

From Mr J. Bradshaw

Sir,—Last any of your readers are scared off doing their own conveyancing and in the process saving themselves thousands of pounds because they have read Tony Holland's article "Conveyancing and the public interest" (September 8) may I point out just one inaccuracy.

Holland says that the 1979 Royal Commission on Legal Services by a substantial majority came to the conclusion that not only should the solicitors' monopoly of conveyancing be retained, but that it should be extended to include the preparation of contracts. Not so! Nowhere does the commission say any such thing.

It discusses whether contracts should be made unenforceable if drawn by a person (and that includes a solicitor) who is an experienced property dealer and who through his superior knowledge might induce another person to enter into a disadvantageous contract, but it came to no conclusion at all as to what could or should be done in these cases which arise from time to time.

Joseph Bradshaw, Castle Books, Bloomsbury, Leamington Spa.

Pickles

From Dr A. Scotney

Sir,—Not surprisingly, Mr Simpson (September 12) attempts to whitewash the South of Scotland Electricity Board by ignoring the main thrust of my letter and trailing a few well-matured red herrings. Where is his defence of the 11-day period from initial meter-reading call to recorded delivery letter at the height of the meter season? His silence is eloquent. Now to pickle his herrings.

On the five previous occasions, a card was left bearing a jolly jingle along the lines of: "We know you can't help it, but you were out when the meter-reader called..." and asking for the meter reading to be recorded on the card and posted. Like any public-spirited citizen, I am always happy to assist, and I pay my bill promptly when it arrives. If Mr Simpson does not want me to fill in the card, his staff shouldn't leave it.

His gloss of the contents of the recorded delivery letter intimating application for a warrant to enter bears no relation to the actual words used. I presume this is deliberate.

I am not surprised to hear that the Consultative Council agrees with Mr Simpson that he is doing a grand job; that simply speaks volumes for the extent to which it and he are out of touch with consumers' opinions.

The considerable favourable reaction I have had on this matter convinces me that there is great demand for a system of prior notification of the date of the meter reading. My students would think it passing strange if they were required to guess the time and date of my lectures, and were then penalised for not being there. Why not leave cards with consumers after each meter reading stating the date of the next call, instead of employing batteries of administrative

staff to hound us with threats of legal action? Talking of batteries, I wonder if...

(Dr A. Scotney, 17 Hyndland Ave., 1/L, Glasgow.)

Quotation

From Mr P. Kitchen

Sir,—In his article "A primitive way to raise cash" (September 7) your Frankfurt correspondent indicates that German corporations "would rather load (themselves) up with debt or not go public at all," but omits to mention one of the fundamental reasons: taxation.

Since all "enterprises," as they are known, must contend with the triple and cumulative impost assessed directly or indirectly on the entity's paid-up capital and/or net worth of: capital investment tax (Kapitalverkehrsteuer) of 1 per cent; net worth tax (Vermögensteuer) of 0.7 per cent; and municipal trade tax (on capital) (Gewerbesteuer) of 0.4-0.8 per cent (the last two components of which permit a large measure of flexibility) it is small wonder that many prefer to forego the uncertain kudos of a public quotation in favour of high gearing.

P. A. Kitchen, 12, Manor Way, Ouslow Village, Guildford.

Interest

From Mr P. Boys

Sir,—With the recent introduction of differential mortgage interest rates by the top building societies ("Return to differential home loans," August 24) and "Back to the bad old days," August 27) readers may be interested and dismayed to see how the additional tax benefits gained in the last budget, less than six months

ago, raising the mortgage interest relief level from £25,000 to £30,000 have been eroded.

As a result of the way the differential interest rate system works (generally half a per cent extra for mortgages between £25,000 and £30,000, 1 per cent extra for mortgages between £30,000 and £35,000, etc.) and particularly because it applies to the whole of the loan, the only potential borrowers to make a net gain, at current interest rates, from a combination of the additional tax relief and the higher interest rates are those borrowing between £27,739 and £30,000, the closer to £30,000 the larger the net benefit. With a maximum of about £4.75 per month for a basic rate taxpayer (this ignores the general rise in mortgage interest rates which has adversely affected all borrowers on a pro rata basis). All other potential borrowers paying basic rates tax and raising loans greater than £25,000 will be worse off than before the budget, especially those who borrow just over £25,000 and those borrowing in excess of £30,000.

It might be argued that one of the reasons for reintroducing the differential rates was the greater demand for mortgages fuelled perhaps partly by the increase in tax relief. To the extent that this is true, the successful lobbying to limit the amount on which mortgage interest relief is available will have had a detrimental effect on most future house-buyers who take out mortgages in excess of £25,000.

Peter Boys, Keynes College, The University, Canterbury, Kent.

Transport

From Mr H. Law

Sir,—Practical reasons such as lack of headroom, clearances and access points must surely make the majority of railways physically unsuitable for con-

version into roads. Other options are, however, worth examining. At one extreme, former railways have been successfully used as leisure facilities such as footpaths, cycleways and nature reserves. At the other end of the spectrum, there is the example of the Tyne and Wear Metro, which was created out of a moribund suburban railway. It was extended to important city-centre destinations not previously served by the railway, and, by using lightweight trains based on Continental tramway practice, a frequent service is run with the minimum of staff. It is significant that preliminary studies for the Tyne and Wear Metro rejected not only conventional trains, but also conversion of the track into a reserved-track busway. Crucial to the success of the Metro was the reorganisation of the bus routes to act as feeder services instead of competitors.

In the case of certain under-used lines, there could well be the potential traffic to justify a proper train service rather than conversion into roads. The "West London freight link" mentioned by Mr Hawkesley (September 10) is one example; it could carry a service linking the major outer London office centres of Croydon, Wembley, Harrow and Watford directly to Gatwick Airport. Providing an efficient train service on this important axis might help to relieve some of the traffic congestion of which Mr Hawkesley complains.

Railway routes are a valuable resource and they must be utilised to best advantage; where they are at present under-used, it is essential to consider the entire range of possible options in the light of the transport needs of the whole community. Henry Law, 8, Woodhouse Road, Hove, Sussex.

Further Letters Page 23

"Money matters"

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The battle for the leisure pound

FOR BRITAIN'S gambling barons autumn is indeed a time of mellow fruitfulness. As the season swings into turbulent action the pools, money starts to flow in the betting shops, the last scampers of the season and look forward to the rough-and-tumble of the holidays: the evenings are still sufficiently balmy to tempt the bingo players, away from their fire-sides, and enough tourists remain to keep the casino wheels turning after a summer when the big money has come back to the tables.

Not everything is sweetness and light however. Gambling has, over the years, taken a gradually diminishing share of the British leisure pound. Its audience seems to be ageing and is concentrated on the lower income groups. Now the bookies and the bingo kings are knocking on the doors of Government, seeking changes in the rules in a bid to stop the rot.

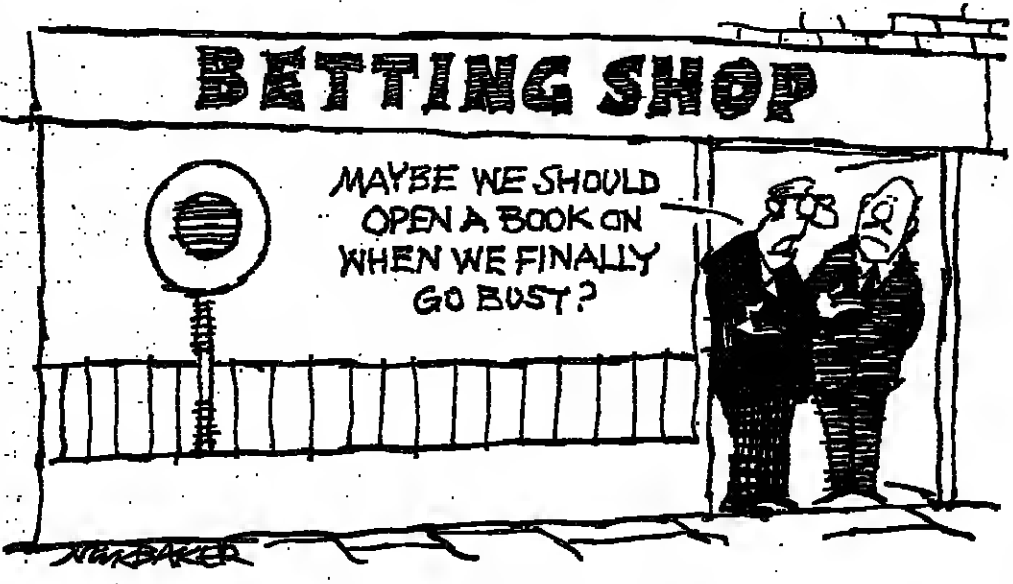
The most heartfelt cry is coming from the bookmakers. Ladbroke, William Hill, Coral and Mecca, with a combined share of around a third of the betting shops in the country, are complaining about the resurgence of illegal gambling on horses. They are aping the appeal of their case to the Home Office with a sideways glance at the Treasury which, they claim, is losing perhaps £40m a year in tax.

To reach that sort of figure you have to imagine an illegal betting business of immense size, taking well over £400m a year in bets.

Mr. Roland Ladbroke's Mr. Racing and the man generally reckoned to have the best betting brain in Britain, suggests that 15-20 per cent of horse race betting in the UK is done without benefit of licence or tax collection. "You have these little rooms upstairs. A dolly bird in short shorts brings you drinks and you watch the racing on TV, shouting out the odd £50 bet."

One of the betting shop owners is raised by the fact that there is no legal way in which they can compete. Far from offering drinks and television, Britain's betting shops are not allowed to have even a tea tray or comfortable seating in their spartan interiors. Ten per cent of turnover is creamed off: tax takes 8 per cent and the rest goes to the Horse Race Betting Levy Board for ploughing back into the sport of kings.

Certainly the size of the tax



which is added to bets or deducted from winnings has driven the professional gamblers away from the horses. In the good old days a professional—someone who really lived by betting on horses—might expect a return on investment of 5 or 6 per cent, say £50,000 a year on £1m placed, usually at very short odds. With on-course tax now standing at 4 per cent the margins are too narrow. "There are heavy gamblers," says Mr. Pollard. "But they lose money. Many of them are Arabs. Then there are shrewd gamblers. But there aren't any professionals any more, they have disappeared."

This year may have shrunk even the ranks of professionals. It has been one of those years where the favourites and second favourites have not done as well as usual—in other words, a bonanza year for the bookies.

To make it more of a bonanza, and to woo back some of that lost revenue, the betting shops want at least to be allowed to have tea and coffee machines in their shops; to be able to install television sets; to live up their window displays and to be able to leave the front door open at times. This latter practice is banned—even during a long hot summer—in order to protect the innocent from the sight of gamblers. Above all, of course, the shops want the tax reduced.

It is possible that the betting tax, the competition from illegal betting, and the weather in some years but not this

(apart from a wetish spring spell) have helped to drive out some of the weaker brethren in the betting shop trade. The numbers have been declining steadily over the years. In 1973 there were 14,573 betting offices in Britain. Last year there were only 11,774. However, the number of shops owned by the big four has risen from 12.5 per cent of the total in 1971 to 29.9 per cent at the last count and substantially again this year.

According to the Home Office, many betting shops simply don't bother to apply for their licences to be renewed. They just fade away.

In fact, the decline in licences and growth in major chains are mutually explicable. The majors are constantly buying small chains, usually family companies which might have half a dozen shops and where the owner wants to retire. The big boys will buy the chain and then consolidate the business into, say, three outlets. Thus three licences disappear.

The betting shops have turned to activities other than horse racing to boost their incomes. Greyhound racing, although relatively small compared with the horses (some £80m-plus in betting shop bets compared with £2.5bn on the horses) has proved useful when, for example, the weather has hit horse racing.

Another area of betting shop expansion has brought the bookies into direct confrontation with the pools companies. Fixed-odds betting on soccer results is a blossoming sector of betting shop trade. Those

involved in it are a little shy of giving figures, but Mintel suggests that last year it was worth £18m-£20m in bets.

All this is high-down stuff compared with another sector of the business which is pressing the Government for change—bingo.

An explosion in the bingo business in the 1960s led to a Government clampdown. Bingo was moved from the "harmless fun" league to join the other heavyweights. "In effect, it allied bingo with hard gambling," according to a spokesman for Mecca, Grand Metropolitan's subsidiary in this field. Now the club owners are trying to reverse this. A private Bill that started in the Lords, but died as a result of the election, may see the light again soon. The bingo world wants to be able to offer higher prizes (the present limit is £2,500) and to indulge much more freely in promotion.

Bingo's audience is ageing, largely female, and declining—it is still, however, a considerable source of profits. In order to sustain those profits, and to stop the audience rot, companies are using various ploys. Mecca reckons it has pulled in a younger set with such exercises as a competition to find Britain's most compatible engaged couple—there were 5,000 entries and the winners received a free house, a house in Tenerife and a wedding reception, in London.

Over the next few months Mecca will be spending £750,000 on another promotion which involves sending mail shots to 1m people. The enticements

'I've offended so many professions'

By Alison Hogan



CLIVE THORNTON, the bête noire of the Building Society Association, has adopted an uncharacteristically low profile after delivering his latest bombshell last week. To the surprise of all concerned, he gave notice that Abbey National, the UK's second largest building society, was to withdraw from the ESA cartel on interest rates.

It is not the first time in his four years as Abbey National's chief general manager that Thornton has turned up at the BSA council in an uncharacteristic departure from normal practice: his decisions to reveal the contents of the building society's valuation reports on properties and the introduction of cheque book accounts are two earlier notable examples.

The late 1970s were a crucial period of change for the building societies. Between 1960 and 1974 only three new products had been introduced, and the range of services offered was largely limited to a savings account and a regular share account with either a repayment or an endowment-linked mortgage.

"For the past 20 years the markets were largely created for us," Mr Thornton explains. "Customers were readily available for home loans and there was no competition for savings. Things have changed. We now have competition from National Savings and the banks, and have to fight back."

Mr Thornton had been Abbey's solicitor since 1967 and was selected by the board as the man with the energy and the ability to take the society into the new era of competition. The board itself is unusually young by building society standards (average age 54) and drawn with one exception, from outside the building society world.

Mr Thornton is by no means the only building society chief executive to have dreamt up new marketing ideas—but he has certainly won hands down on media coverage—and admits he has used the media to get things done inside and outside the organisation. For example, the existence of Abbey Granny Bonds was announced in the Press first, leaving Abbey staff with no alternative but to come up with the goods—fast.

"He is an uncomfortable per-

simplify conveyancing. He would like a log book for every property containing all the information usually required prior to purchase.

And as for estate agents, he feels some do little more than pay for the insertion of an advertisement in a newspaper and would like to establish a set of standards.

Mr Thornton is emphatic that "we cannot have a monopoly on mortgage lending without having a concern for housing." He feels building societies could fill a gap between public and private sector stock by building housing and charging an economic rent to achieve an adequate return on capital employed.

Abbey has already, through its housing association, built more than 600 homes on sites at Tower Hamlets, Islington, Peterborough and Bournemouth with more planned. The society has also spent £200m on renovation and improvement schemes in inner cities.

BSA council members rejected Mr Thornton's request for a debate on housing saying that little would be achieved when agendas are already crowded, and, in any case, the issue had already been fully researched by the BSA.

"If there is one thing that Clive forges," says a senior executive in a rival society "it is that building societies are different. Just as he is taking the Abbey National down certain paths, others may choose different ones, perhaps going into the area of insurance."

Mr Thornton has no intention of outstaying his welcome at the Abbey. "Perhaps I will get a second wind, but I feel it will soon be time to be turned out to grass," he says—a particularly apt comment as when he finds time to escape from Abbey headquarters back to his home in Creyton, near Grantham, he likes "to mess around with my animals."

He is building up a pedigree herd of Devon cattle and has some 150 geese, ducks and hens running about his 30-acre retreat.

Thornton grows weary at times of the exhausting role of catalyst—but somehow it seems unlikely that he will retire in the country in the foreseeable future.

Weekend Brief

The new 'Black Pope' takes over in Rome

Can a rather frail, ascetic priest whose views on many things are uncertain even to his closest associates steer the Roman Catholic Church's most powerful religious order out of the difficulties it has been in for the past two years?

The priest is Father Peter-Hans Kolvenbach, the 55-year-old Dutchman who was elected in Rome this week to be Superior General of the Jesuits. His election in the first ballot by the General Congregation of the Order has caused relief at the apparently uncontested choice of an outsider, but some perplexity as to what Father Kolvenbach's generalate will mean in practice.



Peter-Hans Kolvenbach (left) being congratulated after his election by Father Pedro Arrupe.

operate all over the world. But they particularly offended the Pope in Central America where the Jesuits' authority has been under threat. Here, the Pope felt, the Jesuits' humanitarian sympathy for left-wing anti-government guerrillas went too far.

This sympathy was particularly obvious under the octogenarian Spanish Father Pedro Arrupe, the Jesuits' last Superior General. When he wanted to retire in 1981 after suffering a debilitating stroke, Pope John Paul prevented him from doing so and from choosing a temporary successor. Instead he put in his own elderly nominee as acting Superior General, supported by a deputy in his early 50s, Father Giuseppe Pittau, a Sardinian. The Pope told the Jesuits where he thought they were going wrong and reserved the right to decide when they should elect a fully-fledged successor to Father Arrupe.

Father Pittau was one of the possible candidates for the post of Superior General when the 220 electors began meeting two weeks ago. But to have chosen him may have seemed like subservience to the Pope rather than just the obedience to him to which they are committed.

Father Kolvenbach has devoted the last 25 years to the Middle East and to the Catholics there who use the oriental as opposed to the Latin rite. He studied theology at the University of St Joseph in Beirut and later learnt languages, at European universities.

His gift for languages alone fits him well for the task of managing a world-wide order—he speaks Dutch, English, German, French, Russian, Italian, Spanish and Armenian.

New York stores carry the (empty) can

It's 3.25 am in Times Square, New York. You have 25 cents in your pocket and are dying for a cup of coffee. You stumble on two empty Coca-Cola tins. Where can you cash them in at this time of the morning?

Answer: Ring New York City Sanitation Department's Disposable Can "hot-line," otherwise

known as the Office of Resource Recovery on 566-0922.

The Sanitation Department's "hot-line" has been busy since 12.01 am last Monday morning when the city's infamous "bottle law" took effect. After more than a decade of debate the environmentalists have finally won their way and every bottle or can of alcohol or soft drinks sold in New York now carries a 5 cents deposit which the customer can reclaim if the can is returned to the local supermarkets.

There are a few ground rules. Containers may be re-

turned to any store that sells the same brand and size of container and dented cans can only be returned if they can stand on their base. The brand label must be visible on the can or bottle when it is returned.

For small children, tramps and the environmentally conscious of New York, the new law opens up all sorts of opportunities. But for the owners of New York's supermarkets and neighbourhood grocery stores it is a nightmare as they await the return of the first of the 8bn cans and bottles a year consumed by New Yorkers.

Oliver Koppel, the Bronx politician, who led the fight for

the bottle law, argues that the "time has come to end the dispose-it society." But for New York retailers the introduction of the new legislation is a disaster.

The New York Food Merchants Association did a time and motion study on what it costs to handle 8bn returned empty cans and bottles at its members' supermarkets and local stores and reckoned that in 1980 the handling costs alone would be 3.3 cents a tin. Since then labour costs have risen more than a quarter so the association reckons that the bottle law is costing New Yorkers upwards of \$400m a year.

Arabs and gold chandeliers in Milan

The purveyor of gold-plated chandeliers (sold to the Middle East at \$25,000 a throw) looked down at the feet of the trendily-dressed male journalist sitting next to him, proudly clutching Press releases on the latest masterworks of Vico Magistretti, Ettore Sottsass and the many other lions of modern Italian design. "Surely you don't wear those red shoes in the office?" he sneered incredulously.

This epic aesthetic clash, on a packed British Airways jet bumping its way over the Alps, mirrored many such exchanges on the hot pilgrimage to, from and around Milan, this week, where the world's leading furniture and lighting trade

fair was attracting crowds and controversy.

This annual display of high style will be familiar to any reader of glossy, coffee table magazines, or of the Sunday papers' magazine sections. But contrary to what one is led to believe, the fair proves in the flesh not just a place for trends to admire the ingenuity of Magistretti in turning draped horse blankets into a cult for the entire world's makers of modern furniture, or the audacity of Sottsass and his team in breaking all the supposed rules of modern design with their eye-shattering "Memphis" patterns and objects.

Instead, it has an altogether more down-to-earth side. In the lighting pavilion, and even more so in the endless series of halls with their displays of furniture, the avant-garde modern is heavily outnumbered by what might be termed opus-passé ancient, almost all of it—depending on your personal inclinations, of

course—fit for inclusion in the "bad" sections of the controversial "Taste" exhibition which opened this week at London's Booterhouse gallery (see "How to Spend It," Page 13).

Jostling closely alongside the real design hits of this year's show, some remarkably substantial and technically imaginative lighting fixtures which use the new generation of fluorescent and high-intensity halogen lamps—were unending rows of the very chandeliers so favoured by the man on the BA plane: not just gold-plated, but silver too, and with massive piles of imitation cut-glass veritably dripping from the (false) ceiling.

It was the same on the furniture stands, which were filled with countless displays of imitation baroque chairs from the artisan-based family companies based around Florence, plus gleaming white-and-gold fake marble thrones and couches, mostly redolent of an opera-

house version of a Roman orgy.

Or, of course of an Arabian night. This is fair enough, since according to their makers, these objects are mainly sold to the Middle East (though in some cases France was quoted as a close second).

This is the hard underbelly of the Milan Fair, where to judge from the relative profusion of grey-suited trade reps deep in hard-bargaining sessions, the really big business is done. Yet it is an image consciously shunned by the fair's organisers, who concentrate on trying to quench the insatiable thirst of the Press corps for annual proof that Italy still leads the world in pushing the frontiers of modern design. As in previous years, they succeeded. But they told only half the story.

Contributors:
James Buxton
William Hall
Christopher Lorenz



Ben would like to say a quick thank-you

Ben is being cared for in one of the special centres for mentally handicapped children. Barnardo's have throughout the country. He has been there for half of his life and even though he is nearly twelve his speech is comparable to an infant's. But year by year a steady improvement is obvious. He may never be able to speak perfectly but with proper care his ability to communicate, as well as other talents he may have, will be encouraged and developed to a greater extent than perhaps believed possible.

Barnardo's work however, encompasses much more than caring for and teaching children like Ben. We run day care centres, fostering and adoption schemes and community projects throughout the country. Unfortunately the costs involved are tremendous. You can help by sending a donation to Or Barnardo's, or by remembering us in your will in the form of a legacy. If you require further information please write. For those who already help us may we express our gratitude and on behalf of Ben say thank you.

Barnardo's
Care for the
handicapped

Dr Barnardo's, 157 Barnardo House,
Tanners Lane, Barking, Essex, IG6 1QG

Wednesday	3.5	5.25
Friday	0.4	2.8
Saturday	4.5	6.5
Sunday	1.0	3.0
Monday	1.4	2.6
Wednesday	2.25	4.9
Friday	0.5	1.0
Wednesday	1.1	2.2
Thursday	1.6	3.4
Thursday	0.45	1.15
Thursday	1.0	2.0
Monday	1.4	2.8
Monday	12.5	8.96
Monday	1.1	2.5
Wednesday	5.5	10.5
Wednesday	3.7	6.5
Thursday	3.2	5.4
Thursday	2.9	5.5
Thursday	0.42967	0.93533
Thursday	1.0	2.0
Thursday	4.9	7.1
Monday	3.2	7.8
Tuesday	2.25	4.27
Thursday	4.55	3.44
Thursday	2.2	2.8
Thursday	2.5	5.5

هكذا صحت العمل

SUMMARY OF THE WEEK'S COMPANY NEWS

Take-over bids and deals

Mr. Jim Raper resolved his differences with the Takeover Panel and said that he would now make a full bid at 35p per share for the outstanding shares in Westminster Property. The bid is to be made through Milbury, a subsidiary of St. Piran, a tin mining and housebuilding group controlled by Raper. Mr. Raper in 1980. Now that Mr. Raper has agreed to bid, the Takeover Panel is revoking the order preventing stockbrokers from dealing with Mr. Raper and St. Piran. The Westminster board have welcomed the proposed offer.

Crystallite Holdings launched a £20m bid for Royal Worcester, the china and electronics group, but the offer was rejected as unacceptable. Crystallite is offering 10 of its own shares plus £16 nominal of 94 per cent convertible unsecured loan stock for every 16 Royal Worcester shares, valuing the latter at 82p per share. There is no cash alternative and the offer is not underwritten. Royal Worcester is expected to concentrate its defence on these two points. The bid is aimed primarily at Royal Worcester's large Welwyn Electronics subsidiary and could, if successful, lead to the company's ceramics businesses being sold or floated off on the Stock Exchange. Royal Worcester's shares jumped 40p on the news to a 1983 peak of 315p.

Mr. Alfred Taubman, the American multi-millionaire property developer received the expected clearance on Wednesday from the Monopolies Commission to bid for Sotheby's, the London art auctioneers, and a £7 per share bid worth £82.5m. Bid is expected to be made on Monday. This will be made once Mr. Taubman has completed the purchase of the 29.9 per cent stake built up by the original bidders, Mr. Marshall Cogan and Mr. Stephen Swid to add to the 14.99 per cent he already owns or has options on.

Tecalemit received an offer worth around £15m from mechanical engineering group Siebe Gorman on Thursday. Terms of the offer are five Siebe ordinary shares for every 40 Tecalemit ordinary. An alternative offer comprising three Siebe shares and 700p in cash for every 40 Tecalemit has also been made. Tecalemit is considering the offer.

Wheeler's Restaurants made strong progress in a thin market on an approach to six family trusts for a controlling interest in the shares.

Company	Value of bid per share	Market price	Price before bid	Value of bid	Bidder
Barrat	213	200	180	3.07	Finlay (James)
Barrat Bros	286	286	185	17.94	Finlay
Barrat Bros	286	286	185	17.94	Finlay
Barrat Bros	286	286	185	17.94	Finlay
Barrat Bros	286	286	185	17.94	Finlay
Barrat Bros	286	286	185	17.94	Finlay
Barrat Bros	286	286	185	17.94	Finlay
Barrat Bros	286	286	185	17.94	Finlay
Barrat Bros	286	286	185	17.94	Finlay
Barrat Bros	286	286	185	17.94	Finlay

PRELIMINARY RESULTS

Company	Year	Pre-tax profit	Earnings*	Dividends*
Breville Europe	June	1,120	(3,530)	4.3 (11.3)
Celco	June	107	(403)	3.5 (6.1)
Chambers & Targus	July	112	(109)	2.6 (4.8)
Douglas, Robert	March	3	(1,750)	(8.6) (2.15)
Dowling & Mills	June	1,950	(1,550)	4.6 (3.4)
EPIC	April	1,860	(1,510)	8.3 (8.0)
Fleet Holdings	June	9,530	(2,473)	14.6 (4.6)
Haynes Publishing	May	1,120	(893)	(—) (11.0)
Imry Property Bids	March	1,890	(1,570)	8.7 (5.4)
London Merch Sec	March	7,950	(9,970)	3.1 (4.0)
London Shop Prof	April	4,720	(3,420)	9.4 (8.9)
Scholes, George	June	4,830	(3,110)	(—) (17.0)
Sirdar	June	4,380	(3,250)	20.2 (16.5)
Staffordshire Pot	June	117	(801)	(—) (0.01)
Telford	April	4,260	(3,750)	6.1 (5.7)
Trafford Park Est.	June	1,220	(1,080)	14.9 (13.7)

INTERIM STATEMENTS

Company	Half-year to	Pre-tax profit	Interim dividends*
Airall	June	638	(353)
Airall	June	638	(353)
Airall	June	638	(353)
Airall	June	638	(353)
Airall	June	638	(353)
Airall	June	638	(353)
Airall	June	638	(353)
Airall	June	638	(353)
Airall	June	638	(353)
Airall	June	638	(353)

Company Half-year to Pre-tax profit Interim dividends*

Company	Half-year to	Pre-tax profit	Interim dividends*
Legal & General	June	22,560	(12,500)
Legal & General	June	22,560	(12,500)
Legal & General	June	22,560	(12,500)
Legal & General	June	22,560	(12,500)
Legal & General	June	22,560	(12,500)
Legal & General	June	22,560	(12,500)
Legal & General	June	22,560	(12,500)
Legal & General	June	22,560	(12,500)
Legal & General	June	22,560	(12,500)
Legal & General	June	22,560	(12,500)

(Figures in parentheses are for the corresponding period.)
* Dividends are shown net except where otherwise stated.
† 53 weeks. ‡ 28 weeks. § 32 weeks. L Less.

Rights Issues

Angle-Indonesian Corporation—To approximately £1.6m by rights issue of 1,250,000 shares at 92p per share. Shares offered on basis of 1 for 5 to ordinary shareholders and 1 for 4 to convertible preference holders.

Associated Paper Industries—1 for 4 rights issue to raise £2.7m before expenses. Shares 80p each.

CH Industrials—3 for 8 rights issue to raise £1m.

Script Issues

Associated Leisure—1 for 2 scrip issue.

Offers for sale, placings and introductions

A. and M. Hire raising £500,000 through placing of 11.37 per cent of its capital on USM. Have placed 5m new 10p shares at par.

Fleetech coming to USM by way of an offer for sale of 4m shares at 140p each.

Freshfields Group coming to USM by way of a placing of 4,215,160 shares at 60p each.

as director of northern operations, Captain Evans, who has headed the company's flight operations department since 1975, returns from Gatwick headquarters to Aberdeen to take

Mr David H. Galliver has been appointed to the board of ELLIOT SIMONE ASSOCIATES, Windsor. He was with Cowdins, up his new role. Captain Stewart Birt takes over as flight operations manager and will move to Gatwick. Mr Robin Zingel, manager of the Aberdeen base since 1980, becomes commercial manager at Aberdeen after three years in a similar position at Sumburgh where he is succeeded by Captain Alan Veale.

Mr David McCreche Fisher has been appointed a director of BOCC ROBINSON (UK), responsible for the self drive hire division from October 1.

LONDON & COASTAL OIL WAREHOUSES has appointed Mr P. W. Browne a director from October 1 with responsibility for leasing tank storage space. He will relinquish his responsibilities as general manager of the company's terminal at Dagenham (formerly known as Thames Ter-

minal), and will be based at Canvey Island.

Mr David A. McLean has been appointed a director of TSB GROUP COMPUTER SERVICES. He was recently appointed general manager—retail operations within the newly formed TSB Scotland.

Mr David Longley, appointed national sales manager of DATA SYSTEMS a year ago, new sales and marketing director.

Mr Reg Marks has been appointed a director of Barclays Insurance Services Company and Barclays Insurance Brokers International, both wholly-owned subsidiaries of BARCLAYS BANK.

Mr Michael Kelly has been elected to the board and appointed chief executive of TRAFFORD CARPETS. Mr Kenneth Reeves is appointed joint managing director of ROLFE & WEST, Manchester. Both are MCD Group chiefs.

Mr T. Graham Lock, chief executive, Amalgamated Metal Corp, has joined the board of MARSHALL'S UNIVERSAL as a non-executive Director.

Sir Arnold Hall to join Rolls-Royce board

Sir Arnold Hall, chairman of the Hawker Siddeley Group, is to become a non-executive director of ROLLS-ROYCE from October 1.

Sir Arnold was chairman of Hawker Siddeley Aviation, part of the Hawker Siddeley Group, before HSA was nationalised by the Labour Government some time ago to help form British Aerospace (which itself has sub-

sequently been partially nationalised).

Rolls-Royce feels that Sir Arnold's wide experience of industry in general and of aerospace in particular will be of great value.

Other top-level R-R changes announced yesterday include the retirement of Mr D. J. Pepper from the vice-chairmanship and from the board. He will continue as a part-time consultant and adviser to the chairman.

Mr J. D. Wragg has been appointed an executive board member of Rolls-Royce from January 1 next. He will succeed Mr Alan Newton as director, corporate engineering, later in the New Year. Prior to that post, Mr Wragg will take up a post in the corporate engineering group on October 3, reporting to Mr Newton.

Mr Robert F. Garoe has been elected chairman of the company and Mr E. Ben Skelton is the new chairman of the audit committee of SEARS OVERSEAS FINANCIAL, London. The company is a wholly-owned finance subsidiary of Sears Roebuck and Co.

RENOID has appointed as a director Mr Brian Parker Thompson, who joined the company in June.

SKIPTON BUILDING SOCIETY has appointed Mr Terence Adams as general manager designate in succession to Mr Harry Taylor, who will be retiring at the end of the year. Mr Adams is at present assistant general manager.

Ms Eleanor Bask has been appointed deputy managing director-administration of the TAYLOR HARRISON GROUP

which includes Meter-Ads, Point-of-Sale Advertising and Call-Point Advertising. She was formerly on the board of Meter-Ads.

SERVICEGUIDE, handling and marketing services support company owned by the Masterguide Group, has appointed Mr Tony Bull as sales and marketing director. He was a director of the Edman Group and has been managing director of its handling company, Eros Mailing Co.

Mr Adrian Munsey has joined the board of TELEVISION SERVICES INTERNATIONAL as a result of the acquisition of Adrian Munsey Productions.

LYLE OFFSHORE GROUP has appointed Mr A. W. Snelgrove as group managing director and chief executive in succession to Mr T. Highland who has left the group. Mr Sinclair was formerly group finance director. Mr R. Y. Smith has resigned as a non-executive director.

BRITISH AIRWAYS HELICOPTERS has appointed Captain Michael Evans, a board member,

UNIT TRUST NEWSLETTER

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693-700 (-2)
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LONDON TRADED OPTIONS

Option	Oct.	Jan.	Apr.	Oct.	Jan.	Apr.
Brent Petroleum (497)	30	45	67	10	17	25
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Today's Rates 11%-11 1/2%

Finance for Industry plc has changed its name and FFI Term Deposits are now called Investors in Industry Term Deposits.
Deposits of £1,000-£50,000 accepted for fixed terms of 3-10 years.
Interest paid gross, half-yearly.
Rates for deposits received not later than 23.59.83 are fixed for the terms shown:

Term (years)	3	4	5	6	7	8	9	10
Interest %	11	11	11 1/2	11 1/2	11 1/2	11 1/2	11 1/2	11 1/2

Deposits to and further information from the Treasury, Investors in Industry Group plc, 11 Waterloo Road, London SE1 8JF (01-937 5311-5371).
Cheques payable to "Bank of England, Ld. Investors in Industry Group plc."

Investors in Industry

Granville & Co. Limited

(formerly M. J. H. Nightingale & Co. Limited)
27/28 Lovat Lane London EC3R 9ES Telephone 01-621 1212

Over-the-Counter Market

1982-83	Company	Price	Change	Gross Yield	P/E	Fully
142	120 Ass. Brit. Ind. Ord.	132	-	8.4	4.8	7.7
158	117 Ass. Brit. Ind. Ord.	140	-	10.0	7.2	8.5
74	57 Airprug Group	72	-	6.1	8.5	20.6
48	21 Armitage & Rhodes	22	-	-	-	-
231	95 Bardon Hill	231	+1	7.2	3.1	8.4
151	100 CCL 1982 Corp. Pref.	142	-	11.7	11.0	-
270	190 Clidco Group	150	-	17.6	3.3	-
45	Deborah Services	56	-	6.0	10.7	3.7
123	77 Frank Hurrell	123	-	8.7	7.1	3.2
122	75 Frank Hurrell Pr. owned	122	-	8.7	7.1	3.2
63	36 Frederick Parker	56	-	7.1	12.7	3.5
56	32 George Alsir	56	-	7.1	12.7	3.5
100	64 Ind. Precision Castings	64	-	15.7	7.8	17.7
200	100 Iela Corp. Pref.	200	-	15.7	7.8	17.7
114	47 Jackson Group	107	-	4.5	4.2	5.8
237	111 James Burroughs	239	-	11.4	5.5	11.5
287	107 Robert Jenkins	287	-	14.8	14.8	10.7
83	54 Scruttons "A"	88	-	5.4	8.5	11.3
157	110 Torday & Carlisle	112	-	11.4	10.1	5.0
28	2 Unitech Holdings	28	-	1.0	4.3	10.7
85	64 Water Alexander	85	-	11.6	8.0	7.5
275	214 W. S. Yates	285	-	17.1	5.5	4.1

Is small beautiful?

We think so.

Smaller companies

can grow faster.

That is why we at TR Trustees Corporation are investing an increasing proportion of our £130 million fund in smaller listed and unlisted companies. These now represent 37 per cent of the portfolio.

Last year our assets increased in value by 32 per cent and at our year-end 87 per cent of the portfolio was invested in the United Kingdom and 23 per cent in North America.

This year we plan to expand our commitment to high technology development capital by investing further in U.S. West Coast based technology opportunities, especially in California.

If you would like to know more about us, just complete the coupon below and return it to us.

To: Company Secretary, TR Trustees Corporation PLC
Ladbroke House, 2 Puddle Dock, London, EC3A 3AT
Please send me a copy of your 1983 Annual Report.

NAME: _____
ADDRESS: _____
CITY: _____

FT 1

TR Trustees Corporation PLC
A MEMBER OF THE TROUSSEAU MANAGEMENT GROUP
TOTAL FUNDS UNDER GROUP MANAGEMENT EXCEED £150 MILLION

FOREIGN EXCHANGES

Dollar eases

The dollar lost ground in currency markets yesterday. The weaker trend started in London where trading, following a downward revision in market estimates of this week's M1 money supply figures. The latter has been a dominating factor in recent weeks but the market showed a natural apprehension yesterday since previous predictions have proved to be somewhat off target. The dollar closed at DM 3.6875 against the DM mark down from DM 3.6975 at Thursday and DM 3.6875 from DM 3.6975. It was also lower against the French franc at FF 6.0675 from FF 6.0775 and DM 4.0125 from DM 4.0225.

THE POUND SPOT AND FORWARD

Sept. 16	Spot	Forward	One month	Three months	% change
U.S.	1.4980-1.5000	1.5010-1.5020	0.02-0.07c	0.02-0.07c	-0.41
Canada	1.0000-1.0010	1.0020-1.0030	0.02-0.07c	0.02-0.07c	-0.41
Netherlands	1.447-1.450	1.451-1.454	0.02-0.07c	0.02-0.07c	-0.41
Belgium	80.85-81.10	80.90-81.15	0.02-0.07c	0.02-0.07c	-0.41
Denmark	14.35-14.41	14.36-14.42	0.02-0.07c	0.02-0.07c	-0.41
Ireland	1.270-1.271	1.272-1.273	0.02-0.07c	0.02-0.07c	-0.41
W. Ger.	3.29-3.30	3.30-3.31	0.02-0.07c	0.02-0.07c	-0.41
Portugal	185.75-187.25	186.50-188.00	0.02-0.07c	0.02-0.07c	-0.41
Spain	167.75-168.25	168.50-169.00	0.02-0.07c	0.02-0.07c	-0.41
Italy	2.335-2.401	2.337-2.399	0.02-0.07c	0.02-0.07c	-0.41
Norway	11.10-11.14	11.10-11.14	0.02-0.07c	0.02-0.07c	-0.41
Sweden	11.77-11.82	11.77-11.82	0.02-0.07c	0.02-0.07c	-0.41
Japan	369-377	369-377	0.02-0.07c	0.02-0.07c	-0.41
Austria	13.40-13.45	13.40-13.45	0.02-0.07c	0.02-0.07c	-0.41
Switzerland	2.25-2.27	2.25-2.27	0.02-0.07c	0.02-0.07c	-0.41

EXCHANGE CROSS RATES

Sept. 16	Spot	Forward	One month	Three months	% change
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Switzerland	2.25-2.27	2.25-2.27	0.02-0.07c	0.02-0.07c	-0.41

SwFr 3.26 compared with SwFr 3.2650, it fell to FF 6.0675 from FF 6.0775 against the French franc but was unchanged in terms of the Japanese yen at ¥366.5. The market was obviously being influenced by the outcome of U.S. money supply figures while sentiment in London masked quite bullish for a fall in the UK base rates sometime next month.

EMS EUROPEAN CURRENCY UNIT RATES

Country	Unit	Rate	% change
Belgium	Franc	44.9000	+0.20
France	Franc	45.8885	+0.20
Germany	Mark	2.3616	+0.20
Italy	Lira	2.3616	+0.20
Netherlands	Guilder	2.3616	+0.20
Portugal	Escudo	2.3616	+0.20
Spain	Peseta	2.3616	+0.20
Sweden	Krona	2.3616	+0.20
Switzerland	Franc	2.3616	+0.20
UK	Pound	2.3616	+0.20

THE DOLLAR SPOT AND FORWARD

Sept. 16	Spot	Forward	One month	Three months	% change
U.S.	1.4980-1.5000	1.5010-1.5020	0.02-0.07c	0.02-0.07c	-0.41
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Switzerland	2.25-2.27	2.25-2.27	0.02-0.07c	0.02-0.07c	-0.41

Revised shortage

UK clearing bank has leading rate 9 1/2 per cent (since June 14)

Day to day credit was in short supply in the London money market yesterday with the Bank of England forecasting a shortage of £250m, later revised to £300m. Factors affecting the market included maturing assistance and a take up of Treasury bills—£200m and a rise in the rate of circulation of £200m. On the other hand £220m of transactions added £220m.

OTHER CURRENCIES

Country	Unit	Rate	% change
Belgium	Franc	44.9000	+0.20
France	Franc	45.8885	+0.20
Germany	Mark	2.3616	+0.20
Italy	Lira	2.3616	+0.20
Netherlands	Guilder	2.3616	+0.20
Portugal	Escudo	2.3616	+0.20
Spain	Peseta	2.3616	+0.20
Sweden	Krona	2.3616	+0.20
Switzerland	Franc	2.3616	+0.20
UK	Pound	2.3616	+0.20

LONDON MONEY RATES

Sept. 16	Rate	% change
Overnight	9 1/2	-
1 day notice	9 1/2	-
7 days notice	9 1/2	-
One month	9 1/2	-
Three months	9 1/2	-
Six months	9 1/2	-
One year	9 1/2	-
Two years	9 1/2	-

ECG Fixed Rate Export Scheme

ECG Fixed Rate Export Scheme IV. Average Rate for interest period August 3 to September 8 1983 (inclusive) 9.90 per cent.

Local authorities and finance houses seven days' notice

Local authorities and finance houses seven days' notice, others seven days' notice. Long-term local authority mortgage rates nominally three years 11 1/2 per cent; four years 11 1/2 per cent; five years 11 1/2 per cent; six years 11 1/2 per cent; seven years 11 1/2 per cent; eight years 11 1/2 per cent; nine years 11 1/2 per cent; ten years 11 1/2 per cent.

Approximate selling rates for one month Treasury bills

Approximate selling rates for one month Treasury bills 9 1/2 per cent; two months 9 1/2 per cent; three months 9 1/2 per cent; four months 9 1/2 per cent; five months 9 1/2 per cent; six months 9 1/2 per cent; seven months 9 1/2 per cent; eight months 9 1/2 per cent; nine months 9 1/2 per cent; ten months 9 1/2 per cent.

Finance House Base Rate

Finance House Base Rate (published by the Finance Houses Association) 10 per cent from September 1 1983. London and Scottish Clearing Bank Rates for lending 9 1/2 per cent. London Deposit Rates for sums at seven days' notice 9 1/2 per cent.

Treasury Bills: Average tender rates of discount

Treasury Bills: Average tender rates of discount 9.208 per cent. Certificates of Tax Deposit (Series G1, Deposits of £100,000 and over held under one month 9 1/2 per cent; one month 9 1/2 per cent; three months 9 1/2 per cent; six months 9 1/2 per cent; nine months 9 1/2 per cent; twelve months 9 1/2 per cent.

The rates for all deposits withdrawn for cash 8 per cent.

cent and rose to 9 1/2 per cent

cent and rose to 9 1/2 per cent before easing to 9 1/2 per cent. However funds were well bid towards the close with later balances commencing up to 12 per cent. Longer term rates showed very little change with the outcome of this week's U.S. money supply figures tending to attract more attention.

EURO-CURRENCY INTEREST RATES

(Market closing rates)

Sept. 16	Rate	% change
Overnight	9 1/2	-
1 day notice	9 1/2	-
7 days notice	9 1/2	-
One month	9 1/2	-
Three months	9 1/2	-
Six months	9 1/2	-
One year	9 1/2	-
Two years	9 1/2	-

FT LONDON INTERBANK FIXING

(1.00 a.m. SEPTEMBER 16)

3 month U.S. dollars

3 month U.S. dollars bid 10.10 offer 10.15

6 month U.S. dollars

6 month U.S. dollars bid 10.10 offer 10.15

The fixing rates are the arithmetic means, rounded to the nearest sixteenth of the bid and offered rates for \$100 quoted by the market to live interest banks at 11 a.m. each working day. The banks are Citibank, Bank of Tokyo, Deutsche Bank, Banque Paribas, and others.

COMMODITIES AND AGRICULTURE

WEEKLY PRICE CHANGES

REVIEW OF THE WEEK

Copper prices tumble to 8-month lows

BY OUR COMMODITIES STAFF

COPPER PRICES tumbled this week to the lowest level since January. The higher grade cash price closed yesterday at £1,023.5 a tonne, down on the day and \$4.75 lower than a week ago. The fall in copper was part of a general decline in metal prices this week. Speculative selling was encouraged by the easier trend in gold, which broke through \$400 an ounce briefly on the New York futures market, before reverting to \$395.50 down on the week. The weakness to gold was attributed to Brazil agreeing to a letter of intent on its external debt, thus reducing the threat of an international monetary crisis.

Copper was hit by reports of sharply rising stocks on the New York and London markets. Stocks for the seventh week in succession to reach a total of 397,225 tonnes—the highest level since early 1976. Yesterday several U.S. producers lowered their domestic sellings to 74,775 cwt. Evidently the recovery in the American economy has not so far brought much improvement in demand for copper.

Aluminium and zinc—the two previous high flyers in the metal markets—suffered severe setbacks this week. Cash aluminium fell to £1,045.5 a tonne, £68 below the record still \$114.5 reached last week. The weakness to gold was attributed to Brazil agreeing to a letter of intent on its external debt, thus reducing the threat of an international monetary crisis.

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Brilliant bunch

BY A. L. ROWSE

The House of Commons, 1660-1690
edited by Basil Duke Henning.
Secker and Warburg. £120 the
set of three volumes.

Historically we may regard parliamentary institutions as the chief English contribution to world amenities, with constitutional monarchy perhaps as runner-up. Parliament and monarchy were not always in step, particularly in the 17th century. The discord comes through in these massive volumes, which cover the period from the Restoration of the monarchy to the Revolution without tears of 1688, after which accord prevailed and the country could get forward with its broken business, trade and commerce, founding colonies overseas, building an empire.

Readily, underneath the wealth of detail, we can see that it is the story of the ablest and most successful governing class in Europe. Parliament was their institution. Very right therefore that its history should be tackled in a majestic way over many volumes, of which these are the three latest; the great state coach trundles along, expertly conducted. All self-respecting libraries must possess this authoritative series.

Altogether there were just over 2,000 MPs during the critical period 1660-1690 and their biographies make an invaluable addition to the Dictionary of National Biography, each of them not too long, giving us just what we want to know, some of them fascinating in themselves, particularly of exceptional people. The introductory Survey sums up concisely the significant facts.

The Restoration House of Commons was one of young men: two-thirds of them were under 30, more than 100 were Cavaliers who had fought for the King in the Civil War. No wonder Charles II said that he would keep them "until they grew beards." He did—from 1661 up to the crisis of 1679 over excluding his impossible brother James. In every county we recognise the names of the leading families, many of whom have come down to the social revolution of today.

Schools they came from were in this order: Westminster, Eton, Winchester, Shrewsbury, Merchant Taylors, St Paul's. Far more Oxford than Cambridge men, and that—though the editor does not notice it—reverses the situation in the Elizabethan age. It has its significance. Religion: usually Anglicans were in the majority. The general point is

convincingly made that—though we must not read back the party divisions of the 19th century, in the way the Victorians did (particularly Whigs like Macaulay)—there was a marked division between Court and Country. The former were more monarchical and devotedly Anglican, the latter more independent and religiously variegated.

Motives? The great majority got some office, pension or honour—though this did not always keep them sweet. MPs were not automata: they sometimes voted in accordance with their own convictions, or changed their opinions, particularly with regard to a Catholic on the throne—in a rebellious Protestant country. Most MPs succeeded in improving their position—why else were they in it, except of course for fun?

In the vast majority, three-quarters of them, were country gentlemen, though some added other occupations. No less than five MPs of the Trelawny family were soldiers, and one wouldn't describe Sir Christopher Wren, M.P., or Sir Isaac Newton, M.P., as country gentlemen.

It is fascinating to observe that this study in its convincing detail corroborates the traditional view of our history.

Charles II—for all his sentimental admirers—and James II were on the wrong tack in trying to edge the country in a pro-French, pro-Catholic direction: they were playing against the country's real interests, helping Louis XIV to erect his monstrous ascendancy. They were going against the consensus of the governing class. Fancy forcing the reconstruction of scores of corporations to control their returns to Parliament: fancy removing nearly 900 members of City Companies, Tory Anglicans—the national supporters of the monarchy—for the beaux yeux of the Catholics and Dissenters. And the Dissenters wouldn't play James's game. When he tried to back-track in 1688, it was too late, he had to go, like other monarchs who tried to rule against the consensus of the governing class—Edward II, Richard II, James II—we might add Edward VIII.

Individual biographies are no less rewarding, and serve to correct too personal judgments. Pepys thought Sir John Robinson, MP for the City, and Laud's heir, "a tacking, bragging buffoon." The record shows him to have been an enterprising and successful businessman, a good negotiator, first chairman of Hudson's Bay Company

—able to lay his hand on a nest-egg of £4,500 in gold to help forward the Restoration. William III called Hugh Boscawen, an enormously influential House of Commons man and borough patron in Cornwall, a "blockhead": he can only have meant that he was an obstinate man of principle. This elect assembly contained—besides the greatest of sci-

entists and architects in Newton and Wren—admirable poets like Andrew Marvell and Edmund Waller, Denham, Buckhurst, Sir Charles Sedley; playwrights like Sir William Killgrew and Sir Robert Howard; an historian in Rushworth, a philosophical thinker in Savile, who became Lord Halifax—the great Lord Halifax. Of course one may not compare the ordinarily silent country gentlemen of those

benighted days, who voted with their feet, with the intellectual incandescence, the self-sacrificing public spirit of the Trade Union MPs of today. All the same, I think we may prefer Samuel Pepys, MP as diarist, to the lubrications of the late Dick Crossman.

Little space remains for those bizarre happenings to those ancient MPs. Several were ruined by extravagance, like Sir Ralph Dutton, who squandered his patrimony on greyhound racing; or Edward Hungerford who spent £500 on a wig. The Dissenters put it about that this was a divine judgment on him, for he was no friend of theirs. But some years later, an old woman who was a Dissenter was tried at assizes for bewitching the bull.



New Palace Yard, Westminster, in the 17th century, from an engraving by W. Hollar. The latest volumes in *The History of Parliament* are reviewed today.

Fiction

'Scenes' still going strong

BY MARTIN SEYMOUR-SMITH

Scenes from Later Life
by William Cooper. Macmillan.
£7.95. 258 pages.

The Proprietor
by Anne Schlee. Macmillan.
£8.95. 300 pages.

The Imperial German dinner service
by David Hughes. Constable.
£8.50. 154 pages.

Falls the Shadow
by Emanuel Litvinoff. Michael Joseph. £8.95. 250 pages.

Methuen has just published, in paperback, William Cooper's trilogy *Scenes From Provincial Life*, *Scenes From Metropolitan Life* and *Scenes From Married Life*. Simultaneously Macmillan publish this "companion

volume" to the trilogy, *Scenes From Later Life*.

This trilogy (though William Cooper has written many other books, beginning in 1933 with *Trino*) has often been regarded as the forerunner of Kingsley Amis' *Lucky Jim* and other novels of the 1950s expressing the same sort of "tough, ironic, robust" attitude. There is good reason for this: William Cooper's character Joe Lunn, writer and friend of highly placed people, is candid, sly, witty, disgusted, comically trapped by polite hypocrisy. We pick him up now in his 60s, as un-innocent as ever.

The expression of this 1950's attitude—it derived, so far as it derived from any single writer, from Arnold Bennett, particularly the Arnold Bennett of *The Cord*—has now all but

vanished. Today's heroes or anti-heroes are often either committed social (not to say socialist) workers, or "into the outfit" in a big way. So it is interesting to see what William Cooper, 50 years after he wrote his first novel, now makes of the world. How have the *Lucky Jims* and the *Joe Lunn*s survived? Did they vanish, too, or become submerged in the civil service or in safe jobs, burnt out nonentities?

Well, Joe Lunn continued to write. And in this adjunct to the trilogy William Cooper still feels that he has a point to make. But his composure (both the author's and his protagonist's) is a good deal more ruffled. Reviewers are attacked—and the attacks don't fit in too well with the pace of the novel. William Cooper does not like

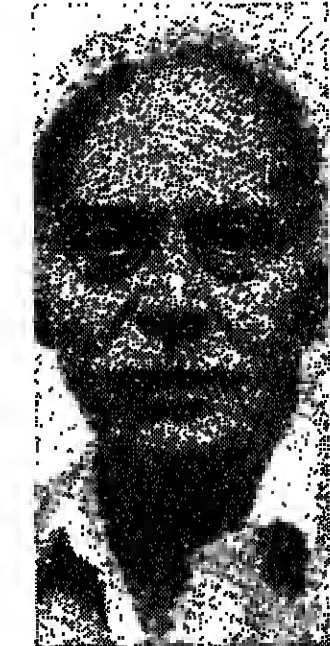
modern society, and who can blame him? But his dislike of it seems disappointingly sterile, he is ferocious enough, and quirky, and tetchy, but he does not tell us much about the true nature of his irritations—our modern society. Otherwise, in its essence—its "message"—*Scenes From Later Life* is funny, sad, disgusted, a little dismaying, and altogether an excellent novel. Joe has to deal with all the discomforts and humiliations of age, as well as bury his aged mother. We watch him trying to manage ("managing" is what this book is really about; managing without the aid of any belief in anything in particular), and we appreciate his wryness, his irony, his sense of emptiness. Despite its flaws, it is a considerable achievement, although it does not come up to the

level of Cooper's masterpiece, *Disquieting Peace*.

Ann Schlee's *The Proprietor*, her second novel (the first was the highly praised *Rhine Journey*), is an unusually skilful and sensitive historical study: it is about Augustus Walmer, who lived in the 19th century, and who bought St. Warr's Islands. In 1840 he invited a party of friends there: he wanted to show them how beautiful the place was, and wanted them to see how he had improved it. This visit is the occasion of an original and well-written novel, which in dealing with an apparent "earthly paradise" has many wise and pertinent comments to make. These go well beyond the scope of the ordinary historical novel, or of the 19th century.

Before he went to war with Great Britain in 1914 the Kaiser ordered from Wedgwood a specially designed dinner service: a tribute to Edwardian England—with appropriate paintings to illustrate it. Or so David Hughes in his new novel, *The Imperial German Dinner Service*, has postulated. "National Arts" now wishes to collect all that is left of it, for the nation, and at the same time an unemployed journalist—who tells the story himself—becomes obsessed with the idea of collecting it and keeping it for himself.

This is an excellent notion, and its obvious implications are mostly taken up. Also the book has one of the best opening sequences I have read for a long time. But it slowly but surely, and very disappointingly degenerates into weak farce and even slapstick. The opportunity to do justice to this theme, which David Hughes certainly possesses, has been



William Cooper in the steps of Arnold Bennett

missed: It is as though he lost his concentration about a third of the way through. It remains readable, but lacks the impact it might have had. In *Falls the Shadow* Emanuel Litvinoff poses the now familiar question: have the Jews been so persecuted that their political representatives have taken on the nature of the devil, the nature of their persecutors? He does this by means of a tense tale of detection: why has the assassin of a somewhat mysterious man decided to kill him? The novel succeeds in its true intention: to remind Israel in its time of crisis that if it loses its moral values it will lose everything worthwhile. But the author's imagination, rather than any particular political viewpoint, is always paramount in this most excellent successor to Litvinoff's justly acclaimed trilogy, *Focus of Terror*.

Legal decisions

BY R. M. GOODE

Judges, Lawyers and Businessmen
by A. H. Hermann. Kluwer Law and Taxation Publishers (P.O. Box 23, 7400 GA Deventer, The Netherlands) \$38.00, 278 pages.

The essence of business life is innovation: new products, new marketing methods, new financial tools, new contract structures. The businessman's never-ending quest for fresh pastures creates problems for lawyers, for the law is inherently slow-moving and cautious. Rules once formulated cannot lightly be modified or abandoned, for the business world requires a reasonable measure of continuity in order to organise its affairs. The successful functioning of commerce and finance thus depends in no small measure on the responsiveness of the judges to business need. Entrusted to him is the delicate task of combining consistency with creativity. In general, the English judges have been remarkably successful in meeting the challenges of evolving business practice, but inevitably there are occasions when they go wrong, sometimes quite seriously wrong, whether through faulty reasoning, a lack of appreciation of the commercial implications or the constraints, well-founded or otherwise, of the doctrine of judicial precedent. For such occasions it is essential to have a writer of influence whose views are informed and are expressed cogently and fearlessly. For many years now we have had the good fortune of reading just such a writer, Dr A. H. Hermann, whose writings in his weekly column in the *Financial Times* have attracted a large following and have now been gathered together and rearranged in his admirable new book.

Dr Hermann has a passionate concern for justice and for realism in the resolution of commercial disputes. The function of the judge, as he sees it, is not to engage in intellectual abstractions or sterile logic, nor to be hide-bound by judicial precedent, but to address himself to the legitimate needs of the business community and to give decisions which, while consistent with established principle, offer practical solutions to the problems posed. Dr Hermann is no iconoclast. He well understands the limits on the power of the English judge to make new law and the need to avoid decision by impulse or caprice. He is as generous with praise of sensible rulings as he is with censure of judgments of which he disapproves. But when he does disagree with a decision, a new law or an act of the executive he is no respecter of either persons or institutions.

No degree of eminence affords protection against his serious pen.

The sweep of the articles encompassed in this book is enormous. The first two parts of the book are devoted to the role of the courts and the struggle for reform. The expensive and dilatoriness of civil litigation are fiercely attacked. The treatment of commercial disputes in London is contrasted unfavourably with the procedure of the French *tribunaux de commerce* and the lack of judicial control over interlocutory proceedings is criticised. Dr Hermann then proceeds to turn the spotlight on a number of specific topics: the long arm of the law of the United States; the legal risks confronting the banking community; the state of English insolvency law; the future role of arbitration; equal pay and human rights. His material is gleaned from all over the western world, including legislation and decisions from France, Germany, Sweden, Switzerland and the United States.

To each of his selected topics Dr Hermann brings an incisive analysis, a lively and astute wit and a deep appreciation of the realities of business life. His judgments on commercial law and on the courts are by turns laudatory (particularly when referring to the judgments of Lord Denning), caustic ("Lords unanimous against common sense" in reaction to the decision in *The Chikuma*), exonerating (he reserves his most severe remarks for the workings of the EEC Commission and the European Court) and controversial, but never, never dull.

Like a good historian he combines balance with a tendency to exaggerate, to oversimplify, to present a picture rather larger than life in order to drive home the message. Moderation in all things—including moderation! His writings mirror the contradictions of legal policy: the law must be certain, it must also be flexible; statutes must be interpreted according to their natural meaning but the astute judge will be able to detect a hitherto unsuspected ambiguity in order to produce a sensible result; the administration of the law must be of high quality but it must also be inexpensive.

This is a book to be read both for instruction and for enjoyment. Meanwhile Dr Hermann and his column continue to inform, to enrage and to delight his myriads of readers; and perhaps we may have the pleasure of a second volume in the not too distant future.

Professor Goode is Director of the Centre for Commercial Law Studies, Queen Mary College, University of London.

Poe-faced

BY BRIAN AGER

The Name of Annabel Lee
by Julian Symonds. Macmillan.
£5.95. 191 pages.

Sudden Death
by James Gibbins. Collins. £6.75.
210 pages.

Edgar Allan Poe pervades Julian Symonds's masterly mystery story, *Annabel Lee* was named after the poem by a mother obsessed by Poe's works. Obsession is the subject of this book, with an English professor falling for the woman called Annabel Lee; and, when she disappears, searching for her.

The pursuit takes him to England, where he investigates the macabre history of Annabel Lee and her family. The

macabre is relieved with touches of comedy including one delightful knockabout interlude when a precocious 12-year-old girl determinedly, and literally, reveals her mother's infidelity.

In Mr Gibbins's novel *Sudden Death* takes on a new meaning for golfers. Would you believe it the course is mined so the men taking part in the tournament face the prospect of being blown to pieces if they stray from the fairway? The prize of £250m is enough incentive for the selected scratch golfers. They are all desperate men, including criminals and assassins, gathered together by a dying Chinese millionaire, who wants to discover how far people can be driven by greed.

George and Rupert

BY NICOLA BEAUMAN

The Lyttelton Hart-Davis Letters: Correspondence of George Lyttelton and Rupert Hart-Davis
Rupert Hart-Davis (ed.). John Murray. £12.50, 190 pages.

A bookseller I know scans the proof of the latest Lyttelton Hart-Davis volume in order to anticipate the demands of his clientele: knowing that there will be enough interest in the books mentioned for it to be worth his while lining the secondhand shelves with some of them. For this, the fifth and penultimate exchange of letters, he will have dusted down *Middlemarch*, Percy Lubbock's *Earlham*, the uncultured *Lady Chatterley*, *How Green was my Valley*, Hart-Davis's own edition of Wilde's letters, Doctor John-

son—and so on.

The two men, one a busy publisher and one a retired Eton schoolmaster, are into their sixth year of correspondence. They are very comfortable with each other by now, Hart-Davis's complicated love-life having been sorted out in Volume Four; references to Comfort (his wife) and Ruth (his companion) are therefore unabashed. Against the background of this dual ménage the writers explore their differing reactions to the 1960 Lady Chatterley trial; Lyttelton prefers his Lawrence nicely cut.

They assume in the recipient, and now in a larger audience, both literacy and prejudice. They like Eton, cricket, the London Library, the English countryside and sentimentality in measured doses. They dislike

television, angry young men, giggling schoolgirls, Eden's memoirs and journalists. One of them does not see the point of custard and Kingsley Amis.

Rupert Hart-Davis filled his life with activity, such as extracting the "messy and incomplete" manuscript of *A Passage to India* out of E. M. Forster or persuading T. S. Eliot to copy out *The Waste Land*, both in aid of a London Library sale. About the former he writes laconically:

"After two evenings of sorting (when I should have been doing a hundred other things) I've got it into pretty good order, despite his appalling handwriting, and it should fetch a pretty penny." In the event it fetched £8,500. He dines out, goes to the theatre, escapes to his cottage

in Swaledale, runs his publishing firm, laboriously corrects the proofs of Wilde's letters and visits people in hospital, and so on and so forth. No wonder he writes one day: "If you don't hear from me again you will know that I have been suffering from the proofs of other people's books."

Lyttelton, faced with this frenetic activity, often bemoans his quiet Suffolk existence, comparing it ruefully with Rupert's. The difference between my letters and yours is that yours are full of interesting things you have done, and mine are done neither, am reduced largely, to not very inspiring chatter about what I have been reading."

In fact, his letters are none the worse for that.

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Bicycle with the exclusive touch

DR ALEX MOULTON is not too keen for his new bicycle to be known only as "the one that fits nicely in the boot of the Rolls".

Yet it is this aspect of the Moulton advanced engineering bicycle, at £499 for the top model, that is likely to appeal to Rolls-Royce owners at Las Vegas next week.

The gambling resort is to host Inter-Bike '83, the largest U.S. cycle show and a platform for Dr Moulton and other UK cycle makers and equipment suppliers on tour with the British Overseas Trade Board.

In his advanced engineering bicycle Dr Moulton has perfected one of the most aesthetically pleasing solutions for transporting a person on two pedal-powered wheels. At £399 for the cheapest two-speed model it is also one of the most expensive on two small wheels.

These high prices and the likely exclusivity of the cycle are the main reasons for the machine not to be regarded by the UK cycle industry as a threat to the growing market for small-wheel adult cycles, or to the rapidly growing market for small-wheel children's BMX (Bicycle Motor Cross machines).

The Moulton cycle has a passing resemblance to the rigid lattice structure of the Fort Rail Bridge. Gone are the conventional tubular metal diamond shaped frames of the classic bicycle invented in the 1880s. In their place is a novel, immensely strong, precision-engineered "space frame" of thin alloy tubes.

This energy efficient design allows all pedalling energy to go into propelling the cycle. The rigid frame resists twisting, a problem with cheaper small cycles.

The 17in wheels with tyres from France and inflated to three times the pressure of a family car have independent suspensions. This reflects Dr Moulton's professional work of designing suspension systems for production by Dunlop for BL cars.

The suspensions are designed and developed by Moulton Developments, an associate company of Dunlop, which owns 52 per cent, the balance being owned by Moulton.

With successes in the mass car market, why has Alex Moulton ventured again into the world of precision cycles? His last entry to the cycle market, his small unisex cycle, revolutionised cycle industry thinking. This was the original Moulton production licence



The Alex Moulton AMT advanced engineering bicycle.

of which he sold to Raleigh, Britain's main cycle maker, in 1967.

Little was heard about Moulton's interest in cycles until he started researching frame structures in 1975. This work was perfected in his advanced engineering bicycle.

He has modest targets for penetrating the world cycle market. Moulton hopes to sell 1,000 to 2,000 of his new cycles in the developed world. The Third World does not feature in his marketing plans.

A thousand sales a year in Britain would gain Moulton one third of 1 per cent of the UK market for small-wheel adult cycles. Mr Jim Ryan, director of the Bicycle Association of Great Britain, said: "This cycle is not for the common man."

Britain's cycle market last year took delivery of 1.73m cycles, including children's play cycles. Of this, 15 per cent, 260,000 cycles, were adult small-wheel cycles. Similar volumes of deliveries to the shops are expected this year.

Imports to Britain fell last year to 624,000 cycles, 36 per cent of the total home market deliveries, compared with 424 per cent of the market of 1.5m cycles delivered in 1981.

Exports also declined, from more than 746,000 bicycles in 1980 to just 182,000, including play cycles, last year.

Raleigh, part of TI Group, dominated the UK market, with

49 per cent of total deliveries at the end of last year compared with 38 per cent at the end of 1981.

Other makers in the small-wheel cycle market include Comrade Cycles of Darlaston, West Midlands, which makes cycles for sale under other names as well as under its Marlborough brand name; Daves Cycle of Birmingham; Falcon Cycles of Brigg, Humberside; W. R. Paslley of Stratford-upon-Avon; Bickerton-Rawlinson of Hertfordshire and Brompton Cycles of Kew.

Raleigh, in spite of its dominance of the UK cycle market, cut 600 jobs last month as part of a £5m modernisation programme that will bring robots and automation to its Nottingham works.

The main sources of imports are West Germany and Italy, the latter especially important for small-wheel cycles. France is not a large exporter and the Far East is of limited consequence, according to the Bicycle Association of Great Britain.

Taiwan, however, is poised to threaten the growing UK market for small-wheel children's fun-bicycles (BMX).

BMX have been well established in the U.S. for a decade. Raleigh started making them in Britain in April last year. By Christmas it had sold 140,000 in Britain. The sector is predicted to be the highest growth-sector this year, with many of the

BMX machines sold to families where children already have conventional cycles.

Raleigh believes the impact of the small adult cycle is waning. Imports flooded to Britain in 1979 in the wake of the engineering and transport strikes.

A high proportion of the buyers of these cheap, imported small adult cycles were women. Raleigh responded with cycles designed specifically for women, with short-reach brakes, a wider range of colours and improved saddles, instead of offering simple female versions of male cycles.

This is steaming imports of cheaper small cycles. Raleigh is confident it will have more than half the UK market this year. At the same time the company is not interested in taking on Alex Moulton's advanced engineering ideas.

This does not worry Dr Moulton. "I am keen to maintain the desirability aspect of the cycle," he said.

He does not want everybody to have one and does not believe there will be a market for such a finely engineered cycle based only on a lower selling price.

Making bicycles is also for Dr Moulton, an "intellectual, aesthetic, engineering and humanitarian challenge." He has been fascinated by cycle design since the 1956 fuel crisis. He bought a hand-made cycle and tried to improve it. The 1962 Moulton unisex cycle was the outcome — 150,000 were made.

A Moulton competitor, Mr Andrew Ritchie, the designer and managing director of Brompton Cycles, described the new Moulton as "a very nice piece of engineering." He said, however, that Dr Moulton had "gone over the top with this one." It was a "personal indulgence."

Dr Moulton is not discouraged. He remains fascinated by the "subtle interplay of man and instrument" (his name for a bicycle) and regards the bicycle as "one of the few totally comprehensible devices made by man."

He regards his advanced engineering bicycle as a "design statement." Others can follow if they wish. The design is patented.

Already the cycle is seen as "the biggest challenge to the orthodox-frame cycle this century," Dr Moulton has yet more design ideas up his sleeve. He has already wind-tunnel-tested an energy-saving fairing, like that of a motor-cycle, for his pedal-cycle.

The pensions debate: early leavers, inflation and costs

From Mr D. Tullon

Sir—Amidst all the current thunder in favour of early leavers, is it permissible to ask whether there is any need for moral, let alone statutory, pressure on employers to shelve the early leavers with money as well as blessings?

There are, possibly, two exceptions. Clearly the leaver should be dealt with fairly as regards his own past contributions, although the employer, who assumed a working life-time in his calculations, should be entitled to credit his past contributions for the benefit of the fund itself. Secondly, early retirement for those over, say, 55 should also be treated equitably, as they usually are by responsible companies under voluntary redundancy schemes.

In the meantime, the true entrepreneurial self-starters, in whom rest many of this Government's ambitions and hopes for the future, are I submit, unlikely to be influenced by such calculations.

D. S. Tullon, Dearborn Farrow, 1, Serjeants' Inn, EC4.

Dragooned

From Mr P. Nunn

Sir—John Plender in his article "Stopping the pensions shrink" (September 10) makes a number of sweeping statements and, not for the first time, attacks the pensions industry for being "unresponsive" and "failing to deliver." But his arguments leave more questions unanswered than answered.

He accuses employers of "dragooning" employees into company pension schemes but I wonder how many of those employees would make any serious attempt to provide for their own retirement if they were not in a company scheme?

Mr Plender concentrates on pension schemes and does not say whether he feels those same employees should be "dragooned" into company arrangements to provide death-in-service and, perhaps most importantly, salary continuation cover for long term ill-health or whether employees should also bear personal responsibility for making these arrangements.

He concedes that the cost of providing everyone with a pension at two-thirds final salary would be "high" but does not add that more than a few companies have been forced into liquidation in the recent past by the need to maintain current pension fund contributions. Can he really believe that the long stay employee will accept a lower overall level of benefit in

order to help finance an improvement of the lot of the "early leaver" many, although admittedly by no means all, of whom leave because they expect the grass to be greener elsewhere?

Mr Plender refers to the recent report of the Centre for Policy Studies but like the report he fails to indicate a funding basis, although he does concede that the Centre's approach would involve "considerable administrative complexities."

The present provision of occupational pensions is in many cases, inadequate and I would welcome the adoption of the recommendations of the Occupational Pensions Board in respect of limited guaranteed increases in both pensions in payment and deferred pensions. I would also urge both employers and pension consultants to stress the advantages of additional voluntary contributions.

But most of all I would express concern at the number of companies who yet make no pension provisions for their employees. P. G. Nunn, East House, Moss Lane, Pinner, Middx.

Agnes

From Mr T. G. Arthur

Sir—Samuel Brittan, (Lombard, September 12) rightly argues that raising the state retirement age would reduce public expenditure and would not necessarily increase unemployment (he does not say that it is likely to reduce unemployment, although via lower taxation that is exactly what it would do).

In one respect, however, Mr Brittan's thinking is as muddled as those whom he berates for using the "unemployment" argument against raising the retirement age. He states that the retired population can be maintained only by transfers from those still at work, irrespective of whether or not pension arrangements are state or occupational, unfunded or funded. It is distressing to read Mr Brittan arguing that funded occupational scheme benefits are provided by direct transfer from worker to pensioner; one would have hoped that an economist with libertarian sympathies might have stopped to think about property rights. Previously accumulated funds, from which benefits are paid, have nothing whatsoever to do with a new employee and no resources are being transferred from him to the pensioner.

Any moral philosophy which cares about individual rights will immediately recognise this. Any micro-economic analysis will confirm it: the ability to pay pensions to the retired from a properly funded scheme is independent of the number of workers who happen to be on the payroll at the time.

Even at the (highly suspect) macro level, accumulated funds represent the capital stock which is as important as current manpower to any economy, which cannot function without either. The return on capital, representing payments to pensioners, represents resources which would not be available to workers in the first place in the absence of that capital, which was formed by the abstinence from consumption of the previous (now retired) working population.

The trouble with the state scheme is precisely that it was not funded and is therefore vulnerable to an ageing population. T. G. Arthur, 17 Highfield Road, Edgbaston, Birmingham.

Benefits

From Mr J. Newman

Sir—In his article of September 8 Lombard again raises the, by now, somewhat hoary, issue of employers inflation proofing pensions for early leavers but without figures conclusions are difficult.

With a total contribution rate of 12 per cent of salary per year, and an inflation rate of 8 per cent compound p.a. an employee aged 25 now earning £8,000 a year would be earning £15,991 during his 10th year and £160,920 during his 40th year. If he leaves employment at the end of the 10th year he would normally be given a deferred pension of 10/40 X £15,991 i.e. £2,665 p.a. payable from age 65. The contributions paid into the scheme fund would however be £13,003 during the 10 years and investment income at 8 per cent p.a. would be £6,913 making a total of £20,916. However the deferred annuity of £2,665 would only cost £2,403 for immediate purchase at an investment rate of 8 per cent p.a. and an annuity rate of 11 per cent in 30 years' time.

If the total amount accumulated during the 10 years of £20,916 was invested at 8 per cent compound for a further 30 years it would amount to £209,450 which at an annuity rate of 11 per cent would provide a pension of £23,039 at age 65.

There appears to be a case

therefore for making benefits available taxed on contributions of a percentage of salaries, such benefits being available to employees whenever they cease employment or when a scheme is terminated.

For a starting salary of £8,000 increasing by 8 per cent compound the projected cash sum available from a contribution rate of 1 per cent for present bonus rates (which might however have to be reduced at times) would be £43,572 after 15 years, £197,306 after 25 years and £1,459,000 after 40 years which amounts would purchase quite substantial annuities in relation to salaries at retirement. Such schemes are freely available and are drawn up to comply with Inland Revenue requirements. J. Newman, 12 Walters Way, Hoddeston, Meris.

Retirement

From the Chairman, Charles Colston Group

Sir—Samuel Brittan (Lombard, September 12) puts his finger right on the button in his argument that a higher retirement age would be helpful in solving Britain's economic problems.

Unhappily, both Dr David Owen and Mr Terry Palfrey during the recent round of conferences made the very error to which Brittan refers—namely that there are more workers than we need; unemployment is here to stay—the new technology will see to that. Therefore, they argue, we must reduce the working population through early retirement, shorter working week and longer holidays, etc. The remedies suggested by these well-meaning men will increase unit costs, reduce competitiveness, reduce sales and give another twist to the unemployment spiral. In fact the current technological revolution will help us to reduce costs still further and more dramatically and devise goods and services never dreamed of in years gone by. This will increase the prospects for employment in the long run.

Most leading economists accept that the process of conquering inflation is bound to lead to increased unemployment in the first instance and our present predicament illustrates this point painfully well. But the prospects have seldom looked brighter. Michael Colston, P.O. Box 15, Heston-on-Thames, Oxon.

Talking points

If it's true that two heads are better than one you can be sure of some very special results when two companies with the resources and capability of Ferranti and the GTE Corporation get together.

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Strong first quarter advance at Esselte

By David Brown in Stockholm

ESSELTE, the Swedish office supplies, graphics and packaging group, showed a sharp rise in pre-tax profits from SKr 55m to SKr 93m (\$11.6m), for the first quarter of the year ending June 1984.

Sales are expected to rise on a 12-month basis by 13 per cent to about SKr 7.9bn, with results climbing "significantly faster," Mr Sven Wallgren, the chief executive, predicted in Stockholm. Pre-tax earnings for 1983-1984 were SKr 322m.

Three months' sales climbed by 22 per cent to SKr 1.8bn compared with the same period last year. This was the result of the effects of last year's 16 per cent Swedish devaluation on foreign currency-denominated operations, and a volume growth of about 10 per cent. Of total sales, 80 per cent were generated abroad.

Mr Wallgren cautioned the sharp rise in earnings was not to be considered representative of the expected full-year performance because of seasonal fluctuations at the start and end of the fiscal year. The shareholders agreed to move to a calendar year at the start of 1984.

The effect of this change will make 1983 a nine-month operating year.

Komatsu posts 14% fall in six-month earnings

BY YOKO SHIBATA IN TOKYO

KOMATSU, the world's second largest manufacturer of construction machinery, yesterday reported a 14 per cent fall in first-half consolidated net profits to ¥14.75bn (\$56.3m).

Sales fell 3.1 per cent in the period, which ended June 30 to ¥284.2bn. Consolidated net profits per share slipped back to ¥18.29, from ¥21.82 in the previous year.

The fall in sales, the first in seven years, was blamed on stagnant sales at overseas subsidiaries, in particular, Brazil and Australia.

Overseas sales were hard hit by fierce price cutting among Japanese and overseas construction machinery makers. Although exports of construction machinery increased in volume, total exports fell in value by 5.5 per cent to account for 56 per cent of the total turnover. Domestic sales stood still, up by 0.1 per cent from the previous year.

Domestic demand for construction machinery has begun to pick up, thanks to the Government's economic measures stimulating the implementation of public works programmes in fiscal 1983.

But export orders from the Middle East and South East Asia remained weak, reflecting the worsening economic situation of countries in these areas.

For the current full fiscal year ending December 1983, Komatsu projects consolidated sales to be ¥300bn lower than the previous year's level of ¥780bn. The company also forecasts a fall in consolidated earnings, its first in six years.

Wintershall to cut refining loss

BY JOHN DAVIES IN FRANKFURT

WINTERSHALL, the West German oil, gas and chemical group, expects to cut its losses on oil refining this year, but sees no basic turnaround in this problem area.

Herr Heinz Wistefeld, the chief executive, said oil refining losses should be reduced to little more than DM 200m (\$75m) compared with more than DM 300m last year.

He said prices of oil products had stabilised after a drastic fall under strong competitive pressure, in the first quarter of

this year. But even so, refining operations were still losing between DM 25 and DM 30 a tonne.

Herr Wistefeld said the company had taken a step in the right direction with the closure of about a third of its Mannheim oil refinery capacity this year to 3.5m tonnes a year.

Wintershall, which is a subsidiary of the BASF chemical group, expects sales revenues to reach about DM 10bn again this year. Group revenue in the

first half of the year reached DM 5.1bn.

Group crude oil and gas production activities were progressing satisfactorily. In the first half of this year, output was up 5 per cent on last year at 1.57m tonnes. Crude oil output is expected to rise by 10 per cent this year.

Wintershall is investing about DM 200m on oil and gas exploration this year, compared with DM 249m in 1982. Exploration in the U.S. is to be intensified.

Temporary credit line for Osborne Computer

By Louise Kahne in San Francisco

A FEDERAL bankruptcy court in Oakland, California, yesterday authorised temporary financing for Osborne Computer, the portable computer manufacturer which on Monday filed for Chapter 11 protection under U.S. bankruptcy laws.

Security Pacific Bank, Chemical Bank of New York and National Bank of North America have agreed to extend a combined credit line of \$600,000 to keep Osborne afloat for a few weeks. According to Security Pacific, Osborne's chief lending bank, the company's current expenses total about \$100,000 a week.

About 80 employees remain at Osborne, where efforts to complete development of a new version of the Osborne personal computer continue. Mr Adam Osborne, Osborne chairman, said last month that the new model would run programmes designed for the IBM personal computer. He believes the IBM-compatible computer could return Osborne to its previous glory as a leading U.S. manufacturer of portable computers.

Osborne is also trying to sell off its "large" inventory of older models.

According to documents filed in the bankruptcy proceedings, Osborne's major creditors include Telesoft, a printed circuit board maker, which is owed \$1.5m; Siemens

Thomson-CGE link opposed by PTT

BY DAVID HOUSEGO IN PARIS

THE French Ministry of Posts and Telecommunications (PTT) has come out in open opposition to plans to form a single telephone equipment company in France.

PTT officials confirmed yesterday that the Ministry had written a strongly worded memorandum setting out its objections to proposals by Thomson and CGE, the two state-owned electronics and telecommunications groups to bring together their telecommunications interests.

The Ministry, which has long fought to maintain alternative equipment suppliers in France, says that a single company could only provide 65 per cent of French domestic needs. Two national telecommunications companies, the PTT argues, could, however, provide 90 per cent of French requirements for telecommunications equipment leaving only a small gap to be filled by imports.

PTT says a merger would leave Bull, the French state-owned computer manufacturer which also has other equip-

ment and electronics interests increasingly isolated. Reflecting trade union fears, the Ministry says that a merger would lead to further layoffs apart from those expected at CGT, the former PTT subsidiary which the Government has taken over.

Under plans drawn up by Thomson and CGE, Thomson would divest itself of its loss-making communications division. This would be transferred into a new unit under a holding company in which the state would take a 49.9 per cent stake and inject fresh capital. Thomson would temporarily hold the rest of the shares before handing over a 10 per cent interest and management control to CGE.

Because CGE has majority control in CII-Alcatel, the telecommunications company, the new link would inevitably be the prelude to a merger between CII-Alcatel and Thomson's telecommunications division. The new company would be seeking about FFr 1bn (\$123.7m) from the Government in fresh capital.

LTV wins \$1.2bn order from U.S. army

By William Hall in New York

LTV, the Dallas-based conglomerate which has been suffering from its big exposure in the hard-hit U.S. steel and energy industries, has won a \$1.2bn order from the U.S. army for a multiple launch rocket system (MLRS).

The order, the largest in the company's history as a defence contractor, calls for the delivery of 139 rocket launchers and 250,880 rockets.

MLRS is a battlefield artillery system developed jointly by the U.S., UK, West Germany, and Italy to complement cannon artillery and help overcome the Warsaw Pact superiority in ground forces.

The work will be carried out by LTV's Vought missiles and advanced programmes division facility in East Camden, Arkansas, where LTV has produced more than 50 rocket launchers and 3500 MLRS rockets.

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Reynolds names chief executive

By Our New York Staff

MR J. TYLER WILSON, president of R. J. Reynolds Industries, is to take over as chief executive, ending months of speculation. He replaces Mr J. Paul Sticht, 66, who has headed the group since 1978. Mr Sticht was scheduled to retire last April but was asked to stay on until a successor could be chosen. Mr Sticht will remain group chairman.

Checkers makes good start to year

BY OUR JOHANNESBURG CORRESPONDENT

CHECKERS, South Africa's largest supermarket chain, is again profitable. According to Mr Nathan Kirsh, the chairman, the company earned a satisfactory profit in July and preliminary indications are that the trend continued in August. However, in the 52 weeks ended July 2 1983, Checkers incurred a pre-tax loss of R12.3m (\$11m) against a pre-tax loss of R16.5m

in the 53 weeks to July 3 1982. Turnover of continuing operations rose slightly to R1.15bn from R1.12bn.

Mr Kirsh says that the group's management is satisfied that all problem areas have been addressed and that proper financial disciplines and administrative procedures are operating effectively. He adds that the current year's sales are

ahead of budget and represent real growth over the previous corresponding period. Mr Kirsh expects the company to operate profitably during the whole of the current financial year, unless there is a marked deterioration in trading conditions.

The loss from continuing operations increased slightly to 276.2 cents a share from 264.3 cents.

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Abbey World Fund	£12.5	100	125.00
Abbey Bond Fund	£12.5	100	125.00
Abbey Dividend Fund	£12.5	100	125.00
Abbey Share Fund	£12.5	100	125.00
Abbey Cash Fund	£12.5	100	125.00
Abbey Money Fund	£12.5	100	125.00
Abbey Real Estate Fund	£12.5	100	125.00
Abbey Art Fund	£12.5	100	125.00
Abbey Jewellery Fund	£12.5	100	125.00
Abbey Collectables Fund	£12.5	100	125.00
Abbey Fine Art Fund	£12.5	100	125.00
Abbey Rare Books Fund	£12.5	100	125.00
Abbey Manuscripts Fund	£12.5	100	125.00
Abbey Coins Fund	£12.5	100	125.00
Abbey Stamps Fund	£12.5	100	125.00
Abbey Antiques Fund	£12.5	100	125.00
Abbey Furniture Fund	£12.5	100	125.00
Abbey Cars Fund	£12.5	100	125.00
Abbey Boats Fund	£12.5	100	125.00
Abbey Aircraft Fund	£12.5	100	125.00
Abbey Yachts Fund	£12.5	100	125.00
Abbey Horses Fund	£12.5	100	125.00
Abbey Dogs Fund	£12.5	100	125.00
Abbey Cats Fund	£12.5	100	125.00
Abbey Birds Fund	£12.5	100	125.00
Abbey Fish Fund	£12.5	100	125.00
Abbey Insects Fund	£12.5	100	125.00
Abbey Plants Fund	£12.5	100	125.00
Abbey Trees Fund	£12.5	100	125.00
Abbey Flowers Fund	£12.5	100	125.00
Abbey Fruits Fund	£12.5	100	125.00
Abbey Vegetables Fund	£12.5	100	125.00
Abbey Grains Fund	£12.5	100	125.00
Abbey Legumes Fund	£12.5	100	125.00
Abbey Nuts Fund	£12.5	100	125.00
Abbey Seeds Fund	£12.5	100	125.00
Abbey Spices Fund	£12.5	100	125.00
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Abbey Spiders Fund	£12.5	100	125.00
Abbey Scorpions Fund	£12.5	100	125.00
Abbey Centipedes Fund	£12.5	100	125.00
Abbey Millipedes Fund	£12.5	100	125.00
Abbey Amphibians Fund	£12.5	100	125.00
Abbey Reptiles Fund	£12.5	100	125.00
Abbey Birds Fund	£12.5	100	125.00
Abbey Mammals Fund	£12.5	100	125.00
Abbey Fish Fund	£12.5	100	125.00
Abbey Invertebrates Fund	£12.5	100	125.00
Abbey Molluscs Fund	£12.5	100	125.00
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BP sale and U.S. money supply doubts curb business

Account Dealing Dates
Option

*First Declara- Last Account
Dealing Dates Day
Sept 5 Sept 16 Sept 26
Sept 10 Sept 20 Sept 30
Oct 3 Oct 13 Oct 24
Oct 10 Oct 20 Oct 30

Now-time dealings may take
place from 9.30 am to 2.30 pm on
the day.

The week's dominating
influences of the Government's
BP share sale and uncertainty
regarding the U.S. money
supply figures continued to
operation yesterday. End
Account considerations also
played a part in restraining
investment activity.

Gilt-edged, the firmest section
of the markets this week, started
the session unchanged to a
fraction firmer but were soon show-
ing gains extending to 1/2 across
the board. The biggest early rise
was in Treasury 2 per cent 1988
index-linked which was finally
harder for a two-day gain of 1/2
to 100.3. Sentiment here and in
long-coupon short-term coupon
conventional stocks was still buoyed
by thoughts of the substantial sums
that may be looking for a new
home ahead of the closure at
the end of the year of the tax
loophole on overseas rollop
funds.

Official supplies of Exchequer
21 per cent 1987 were exhausted
in the early trade and, in first-
time dealings, the Government
broker sold a small amount of
his existing tax, Treasury 10 per
cent 1987, at 201 for the £30-paid
stock. Elsewhere in the shorts,
shares ranged from 1/2 while rises
in longer-dated issues stretched
to 1/2 and occasionally more. The
Government Securities Index
gained 0.33 to end the week
117 up at 81.15 with its best

The announcement that 130m
rise on a week since mid-July.
BP shares are to be offered at a
minimum tender price of 40p,
as against yesterday's close of
39p, payable as to 200p at
tender with the balance due on
January 11, saw the equity
market sagging from the start
on lack of interest. Wall Street
overnight drop of 14 points on
interest rate fears related to
concern about U.S. monetary
growth had already put a
damper on sentiment.

Down 3.6 at 10 am, the FT
30-share index was showing a
loss of 6.5 to the late afternoon
but picked up to close a net 2.7
easier at 694.2 for a fall on the
week of 10.7. Yesterday's close
was the lowest since July 18
last. The FT-Actuaries three
main indices also gave ground,
the All-Share ending the week
7.96 down at 442.25. Yesterday's
late pick-up in leading shares
reflected technical influences
due to the start of a new trading
Account on Monday.

South African Golds had
another depressing day. The
gold price slipped 1/2 to 340.6
an ounce, but held above the \$200
level threatened earlier in the
week. The Gold Mines index fell
5 points to extend its loss on
the week to 48.8 at 642.1, thus
giving up its rally recorded over
the previous four weeks.

A quiet session to banks was

featured by weakness in
Barclays, which fell 1/2 to 475p
reflecting activity in the
Option market. Other major
clearers drifted lower for want
of support. Lloyds relinquished
5 to 500p and NatWest softened
a couple of pence to 608p.

Still reflecting Government
proposals to change the pension
rights for employees wishing to
change jobs, Life issues gave
further ground. On Life 12 to
100.5, while Prudential
declined 1/2 to 432p as did Legal
and General, to 472p. Currency
considerations prompted dull-
ness in selected Lloyds Brokers.
C. E. Heath dropped 1/2 in 288p
and Willis Faber slipped to 540p.

Recent newcomers to the
Unlisted Securities Market were
featured by Real Time Control
which rose 10 to the best yet of
180p.

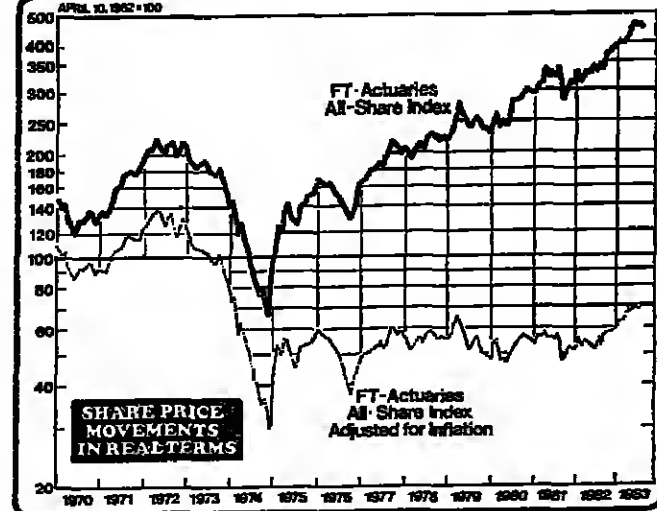
Breweries were inclined
easier, there being a change. Bass
a dull market since the announce-
ment of the bingo chain deal
with Thorne EMI earlier in the
week gave up 6 more to 310p.
Boddingtons, still reflecting the
disappointing interim statement,
eased 2 more to 107p.

Building issues treaded easier
in subdued trading, but Brecon
and Cloud provided a bright
spot at 285p, up 20, on the good
interim results and final divi-
dend forecast. Consider, in con-
trast, slumped 17 1/2 to 31p, on
the bigger half-year trading loss
and omission of the interim divi-
dend. SGB came to the aid of
fell 10 to 152p, while Jarvis
eased 5 to 370p and offer of 4
were marked against John
Finlan, 202p, and J. Mowlem,
188p. Magret and Southern, 2
cheaper at 152p, failed to benefit
from the chairman's encourage-
ment to the shareholders to
meeting. Taylor Woodrow gave
up 9 to 535p, while Cockedge,
reflecting the passing of the
preference dividend, fell 4 to
26p.

ICI again traded quietly but
ended 4 to the good at 538p,
sentiment being helped by the
company's announcement of the
disposal of its U.S. Gulf Coast oil
and gas interests and its 10
percent stake in the U.S. lease
P.O.16 offshore California. Else-
where in Chemicals, Brest eased
4 to 104p and Horace Cory 3
to 16p, the latter following
lower interim profits.

IBS good

Buyers returned for Melitas
and the shares at 410p, after
112p, on relief that the com-
pany will incur no financial
loss and cease to have a relation-
ship with Bamber's Stores now
that the latter is going into
voluntary liquidation. Else-
where in Stores, Exocetex
Clothes improved 2 to 30p in
response to the interim profits
upsurge. Marks and Spencer
hardened a penny to 201p
among the leaders but House
of Fraser gave up 4 to 234p; the



SHARE PRICE MOVEMENTS IN REAL TERMS

latter's interim figures are sched-
uled for September 29.

Electricals were featured by
the strength of computer con-
cerns dealt in the Unlisted
Securities Market. Immediate
Business Systems rose 15 to 160p
following the chairman's AGM
remarks concerning possible
U.S. and Chinese contracts,
while Micro Focus advanced 40
to 620p, on reports, later
confirmed, that the group has
the distinction as being the
first U.S. stock to be made avail-
able to U.S. citizens or residents
through the American Depository
Receipt Facility. Consultants
also found support at 400p, up
20, and JSD Computer put on 3
to 34p. Elsewhere, the leaders
displayed a net trend after a
mixed session. Still hoping
for naval radar contracts,
Plessey put on 4 to 206p. Thorn
EMI softened 5 more to 593p and
GEC closed 2 off at 192p, after
189p.

Leading Engineering rallied
late with the notable exception
of Hawker Siddeley, which
furthered the recent downward
trend to close at 286p. Seco-
dary stocks were also easier for
choice and Bollinger ended
down at 223p, 2c off at 116p
and Clayton Sax a similar
amount easier at 60p. Ransomes
Sims dropped to 245p prior to
staging a late recovery which
brought a close of 2 up on
balance at 254p; the group was
mentioned in a news sheet.
Telfos moved up to 44p follow-
ing the bid of 40p cash per
share from Plandans and
General before settling 4 up on
the day at 42p; Telfos also
announced good interim results.
Belgrave (Blackheath) gained 3
more to 100p, but Blackwood
Hodge's troubles continued with
the price falling 2 to a low for
the year of 14p on the first-half
loss.

Foods often retained their
recent firmness. Belam gained 4
more to 151p ahead of results
expected next month, while
Lennos spurred to 44p before

closing 4 up on balance at 41p.
Danish Bacon A was marked 6
higher to 60p, but Northern
Foods reacted 5 further to a low
for the year of 160p amid wor-
ries about the group's U.S.
interests. FMC halved a loss of 4
after-hours to end a net 2 down
at 45p following news that the
Eire plant sale had been com-
pleted.

Wholesale Restaurants con-
tinued higher to 486p, a fresh
rise of 35, but Kennedy Brooks,
considered the likeliest of three
measured candidates to bid for
the group, slipped 5 to 255p.
Howton Hotels came back 5 to
185p after the interim results,
but Epicure improved to 40p on
the scrip issue which accom-
panied the first-half figures.

Chubb lower

End-Account influences and
the BP tender offer for sale
restricted business in the
miscellaneous industrial leaders.
BTR moved up 8 to 520p and
Metal Box improved 6 to 236p,
while Bower hardened a penny
to 266p with the help of an
investment recommendation.
Unilever, on the other hand, lost
13 to 787p and Fisons, awaiting
interim figures due on Monday,
relinquished 5 to 715p. Else-
where, Chubb fell 1/2 to 140p
on news of a disappointing
analysts' meeting with the com-
pany on Thursday. British Aero-
space, a firm market earlier in
the week following the interim
results and chairman's encourag-
ing statement, reacted 6 on
profit-taking after the good half-
year results.

Lex Service came under pres-
sure and slipped to 313p before
rallying after-hours to close a net
7 down at 321p. Other Motor
Distributors also tended easer
on the sharply lower interim
profits, eased 2 more to 115p.

reference to second-half pros-
pects. Kenlys also shed 3, to 78p,
but Kennings hardened the turn
to 108p on investment comment.
Still reflecting the increased
half-year results, Liverpool Daily
Post improved 2 more to 185p.
Elsewhere, Haynes Publishing,
which announced good pre-
liminary results a week ago, rose
5 to 189p. Wight Collier picked
up 2 at 235p on investment
advice, but Associated Paper lost
2 ex the rights issue at 58p; the
latter's new all-paid shares
settled at 9p premium.

Properties were marked lower
at the opening and stayed that
way. Ails of a few pence were
seen in the leaders with Land
Securities easing to 309p and
MEPC to 209p. Elsewhere,
Chesterfield gave up 5 to 315p as
did St. George's, to 275p. The
Trafford Park however rose 4 to
136p and Lendoe Shop improved
2 to 148p in direct response to
their trading statements.
Shipments were noteworthy for
a fresh gain of 10 to 870p in
British and Commonwealth, with
Caledonia Investments improv-
ing a like amount to 770p. P & O
deferred, down 2 at 225p, on
profit-taking after the good half-
year results.

South African Golds were
again marked down at the out-
set of trading and held at around
the lower levels until the late
afternoon when a modest rally
became apparent.

The recovery movement
lacked strength, however, and
earlier losses remained sufficient
to cause a further 5 point decline
in the Gold Mines index to 642.1;
the latter has fallen 52 points
over the past four days.

Bullion was 80 cents easier at
\$406.125 an ounce, a fall of 88.5
on the week.

Losses in the heavyweights
were by no means substantial,
but widespread falls in the
region of 1 to 1 1/2 were common
throughout the list. Deorfonte
proved a weak market and
gave up 1/2 to 216.1, while Har-
tebeest were again persistently
easier and fell 1/2 to 258.1.

Recent heavy losses in base-
metals were thought to have
been responsible for exceptional
weakness in RTZ. A relatively
firm market throughout the early
part of the week, RTZ dropped
20 to 830p ahead of the half-year
results expected on Wednesday.
Gold Fields slipped to 507p,
initially but staged a modest
rally to close a net 10 cheaper
at 600p despite the satisfactory
results announced on Tuesday.

Platinum continued to attract
speculative selling after the retreat
in base metal prices and
reports of heavy selling from
the Continent, especially
West Germany, where Ruten-
burg are quoted on the Frank-
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a major concern, dropping 25
more to 720p—leaving the shares
130 down on the week—and
Leydenberg 5 to 580p.

Week metal prices, a downturn
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in base metal prices

NOTES
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INDUSERIALS—Continued

[illegible]**LEISURE—Continued**[illegible]

PROPERTY - UNCLASSIFIED

[illegible]

1. NAME _____

[illegible]

The other side of the property coin.

BIRMINGHAM 021-454 9091
LEEDS 0532-757915
LONDON 01-262 54652

Easy Buy Property Group plc

MINES—continued

[illegible]

REGIONAL AND IRISH STOCKS

The following is a selection of Irish-born MPs then seated, and the nearest to be guessed in British canvassing.		IRISH	
Albany Inv. 20c.	51	Nat. 9% 84,000	587%
Brightw. Est. 50	275	P.R. 13% 47,702	58%
Craig & Rose C1	1340	Advance Gen.	203
Finlay Ship. C.	30	Carroll (P.J.)	169
Grady Ship. C.	30	Concrete Prod.	724
Hudson Brew.	97	Heston (Hedge.)	70
Hop & Linn C25	130	Irish Rouse	33
10 M. S.M. C.	147	Unirest	893
Pearce (C.H.)	475	T.M.G.	65
		Amire	73
		Unirest	73
		Unirest	73

OPTIONS

[illegible]

Saturday September 17 1983

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MAN IN THE NEWS

**Lebanon's
amateur
politico**

BY PATRICK COCKBURN

OUTSIDE THE family palace of Mr Walid Jumblatt at Moukhtar, set high in the mountains to the east of Beirut, his Druze followers were sharing out arms and equipment last week. Every man who could carry a gun seemed eager to fight in the war in which the 250,000 Druze community has defeated the Christian militia which entered their mountain strongholds on the heels of the Israeli army last year.

The beneficiary of this victory is Walid Jumblatt, whose tall shuffling figure has suddenly become critical to the future of Lebanon. No government with real authority can be formed in future if he opposes it.

President Gemayel and the Christian leaders have paid a heavy price over the last two weeks for under-estimating the Druze leader and the strength of the Syrian-backed coalition he commands.

Only 36 years old, Walid Jumblatt inherited his role as hereditary leader of the Druze when his father was assassinated in 1977. For a long time it seemed the burden was too much for him. His father was not only a chieftain with semi-feudal authority over his followers, but a social reformer and mystic who led a coalition of Moslems, Leftists and Palestinians which came near to victory in the 1975-76 civil war.

In the years after Kemal Jumblatt was assassinated it seemed to become clear that his son was neither capable nor willing to play the same role. Despite their alliance with the



Walid Jumblatt

Palestine Liberation Organisation the Druze did not resist the Israeli advance last year and, although Walid stayed in Beirut for much of the siege, he did not play a glamorous part in events. He was given to making contradictory comments until Lebanese and foreign observers alike ceased to take him very seriously.

This was a mistake. For all his contradictory statements and somewhat unimpressive physical resemblance to Coco the Clown, Walid Jumblatt has always been an intelligent man and one who has skilfully strengthened his political and military position over the last year. Many Christian leaders now bitterly regret not trying harder to cultivate an alliance with him last year.

In part his strength comes from the unity of the Druze, an Islamic sect centred in Lebanon. They feared extinction as a community when Christian militiamen moved into their mountains and valleys last year. Mutters against Mr Jumblatt died away as spiritual leaders, village elders and other important Druze families united behind him in opposition to Christian supremacy.

His position was further strengthened as he moved very close to the Syrian Government despite the widespread belief in Lebanon that they had a hand in the demise of his father.

In Beirut he was repeatedly denounced as a Syrian stooge, often by politicians who did not understand that Israel was cutting back its role in Lebanon leaving a political vacuum which Damascus intended to fill. The Druze got all the arms and equipment they wanted from Syria, while maintaining friendly relations with the Israelis.

When the Israeli army pulled out of the Druze heartlands in the Chouf mountains a fortnight ago Mr Jumblatt and his men were well positioned to take back what had been lost the year before. The speed and extent of their victory may have surprised them but, whatever the outcome of ceasefire talks, Mr Jumblatt is well and truly established as key to the establishment of any stable government in Lebanon.

**GEC and STC to axe
telecommunications jobs**

BY JASON CRISP

TWO OF Britain's leading telecommunications manufacturers, GEC and Standard Telephones and Cables, announced nearly 700 job losses yesterday.

GEC Telecommunications is cutting 300 jobs at its Coventry factory on top of 550 losses there last year because it is ending the manufacture of electro-mechanical telecommunications equipment in the city. Over the last 10 years there have been major job reductions at GEC, and other manufacturers because of the rapid change from electro-mechanical to electronic exchanges. The latest cuts will bring the workforce at GEC's main switching factory in Coventry to 4,500 by next March. Standard Telephones and

Cables is making a major cut in the staff which market, sell and maintain communications equipment. The company blames the increased competition which has resulted from the Government's liberalisation of the UK telecommunications business.

STC is to reduce manning levels in its business communications division by a total of 390, although some staff will be redeployed elsewhere in the group. The people affected all work for STC Business Systems, which was formerly ITT Business Systems. The cuts will substantially reduce STC sales and marketing staff in business systems, such as private exchanges, teleprinters and facsimile equipment.

STC Business Systems' manu-

facturing side, recently transferred to another part of the company, is not affected.

STC said the cuts were needed to enable it to remain competitive in the liberalised markets. In addition, despite "relatively buoyant sales," technological changes had been reducing the added value of the equipment.

The cuts also resulted from a reorganisation of STC Business Systems' activities which would now be based on one site at Fooks Cray in Kent. There will be 75 jobs lost at Brighton, 50 at Cockfosters, North London, and 105 at Fooks Cray. A further 160 jobs will be cut from the sales, field engineering and installation staffs.

**Sinclair launches pocket-size
flat-screen television for £80**

BY JASON CRISP

Sir Clive Sinclair, Britain's best known electronics entrepreneur, yesterday launched his long-awaited pocket-size, black-and-white television set.

The set, which uses a special flat screen, is no bigger than a paperback book and weighs 9.5 oz. It has taken nearly seven years to develop at a cost of £5m which includes finance from the National Research and Development Corporation. It will shortly go on sale at £80.

Production is just beginning and it is likely that little more than 10,000 sets will be made before Christmas. The TV is being made by Timex in Dundee, using automated equipment developed by Sinclair Research, Sir Clive's company.

Timex is also the major manufacturer of Sinclair Research cheap computers, the ZX81 and the Spectrum. Production capacity for the TVs at Timex is 1m a year, although it will be some time before this is reached.

Sinclair Research plans to launch the television in the U.S. next year and another production line is likely to be needed to cope with the demand, Sir Clive said yesterday. "I believe it

... can achieve for television what the transistor radio did for wireless."

Almost all the circuitry has been reduced to a single custom-built microchip made by Ferranti in the UK. "The chip is an amazing piece of technology... and there are probably more patents on its than on any other chip in the world," Sir Clive said. It enables the TV automatically to receive transmission in almost any country except France.

A special slim lithium battery has been developed for Sinclair by Polaroid. The battery will cost about £3.30 and give 15 hours' viewing. Sir Clive says the TV is smaller, lighter, brighter and longer lasting than any competitors.

The main competition is the Watchman, made by Sony, the Japanese consumer electronics company. The Watchman costs £249 in the UK but a new version in the U.S. will cost \$200 (£133). The other competitor in the market is Casio, with a wrist-watch screen at about \$235. This has a separate and fairly large pocket battery pack.

The Sinclair flat-screen TV will go on show at the Great Home Entertainment Spectacular which starts in Olympia, London, tomorrow. It will be available on mail order in small numbers after the show. It is planned to take requests for the televisions and billing will not take place until stocks are available. In the past Sinclair Research has been criticised for long waiting times for its computers soon after they were launched.

The TV measures 5.5in by 3.5in by 1.25in. The company claims it can be used on a train and sometimes in a car.

Demand for the Sony Watchman has been more than expected in spite of its higher price. Sony is believed to be producing about 200,000 a year in Japan. Sinclair Research believes it can sell more than 1m a year worldwide.

The product could be a boost to Sinclair's fast-growing sales. In less than four years it has achieved a turnover of £54.5m with small computers. Price wars in this sector, particularly in the U.S. have begun to affect Sinclair's sales.

Sinclair's computers are sold by Timex in the U.S., which has reported a sharp drop in demand. Timex may also negotiate with Sinclair for rights to sell the flat-screen TV.

Background, Page 3

**Coins will give small investors
chance to hold platinum**

BY CLIVE WOLMAN

PRIVATE INVESTORS around the world are soon to be offered the chance to hold platinum in the same way they can hold gold coins. The move, by Impala and Rustenburg, the two largest platinum producers in the world, will make available platinum coins to the small investor for the first time in a century.

Ayrton Metals, the Impala marketing subsidiary plans to launch platinum coins early in November. About 25,000 one ounce coins, called nobles, will be offered for sale according to Mr Kerr Cruikshanks, manager of the coins division of Inter-gold, the marketing arm of the South African Chamber of Mines. Further coins will be minted in the UK to meet demand expected from West Germany and Switzerland.

Rustenburg is to offer a range of small platinum ingots, up to 10 gms, in the UK next Wednesday through its exclusive mar-

keting agent, Johnson Matthey. The ingots were first marketed on a large scale in North America a year ago and, according to Rustenburg's annual report, sales have been going well.

The bid by the two platinum producers to challenge gold's position as the only precious metal held in significant quantities by private investors represents part of their effort to run down large stockpiles built up during the recession.

Members of the South African Chamber of Mines, and the government of the Isle of Man, where the coins will be legal tender, confirmed the Impala plans to market platinum coins. But Mr John Bentley, marketing manager of Impala (Europe) declined to comment yesterday.

The coins will be on sale in the UK, Europe and the U.S. Their price will fluctuate in line with the market price of platinum but purchasers will

have to pay a premium over the price of the raw metal. The premium is expected to be greater than that of the gold Kruggerands.

The recent rise in the price of platinum from last year's low is expected to encourage demand from investors. Both the major South African producers still have stockpiles of between three and six million ounces to their marketing requirements, according to Mr Philip Taylor, the mining analyst at stockbrokers Rowe and Pitman.

Mr Cruikshanks said yesterday in Johannesburg that he did not expect platinum coins to represent a serious threat to the Kruggerands, of which about 3m ounces will be sold this year. "The supplies of platinum are so small that even if things go well for them, they could only sell perhaps 200,000 ounces a year," he said.

Investing in platinum, Page 9

Continued from Page 1

BP share issue

a fall over the week of 10.7 points.

The offer was delayed at the last minute by BP's surprise announcement that it was to sell off 12 per cent of the Forties Field. BP's most lucrative North Sea asset—10 per cent by tender—to raise a minimum of £260m. The offer was intended to be particularly attractive to companies which wished to recoup tax credits gained as a result of past exploration costs. Within days the Chancellor moved to close the tax loophole.

But yesterday Mr John Brown, commercial manager of BP Exploration, said of the Forties Field proposals: "We see no reason to change any part of the original basis of the sale—and that includes the price. Our advisors, Lazard Brothers, are having a good response from interested companies."

The most controversial aspect of the Government's BP share sale is the decision to adopt the tender method. The Government chose this method because it

believes it will ensure it obtains the highest price for its shares. Lord Rookley, head of the corporate finance section of Kleinwort Benson, one of the underwriters, said yesterday: "The tender is a form of political protection. It does ensure that the Chancellor will get the best price."

The same method was used in the Government's flotation of Britoil last year. That sale failed to attract the public interest, and more than 70 per cent of the shares were left with the underwriters.

To attract small investors, the Government has inserted a clause permitting those applying for not more than 1,000 shares to make "a striking price application." This means the applicant will not have to guess at a likely striking price, but will simply be allotted shares at whatever price is decided by the Government and its advisors.

As a further sweetener all applicants will have to pay only 22 pence by the closing date of September 23. The remainder will be payable by January 11 1984.

Continued from Page 1

ICI

dian subsidiary. The group is also continuing exploration for oil and gas off Eastern Canada. The company's stake in the lease containing part of the Point Arguello discovery was sold to Champlin Petroleum, a subsidiary of the Union Pacific Corporation. The group's Gulf Coast properties have been bought by APP Production, Park Oil and Gas, and the Thomson-Monlieth Partnership of the U.S.

Trading profits from the group's worldwide oil and gas operations dropped by £10m last year to £73m. Sales were £1.1bn. In the Gulf of Mexico exploration was greatly cut in 1982 because of weak demand for gas.

ICI's interests off California had been a source of widespread speculation earlier this year, with many observers saying that the company might reap tremendous profits.

"So much for the California bonanza," said one leading oil analyst in London yesterday. "They probably won't realise what they paid for the interests."

**Argentine
airline loan
clears debt
rescue path**

By Peter Montagnon, Euromarkets Correspondent

ARGENTINA'S commercial bank creditors yesterday signed an agreement to reschedule about \$220m (£146m) owed by the state airline Aerolineas Argentinas. This will clear the way for disbursement of the \$1.5bn loan the country is to receive as part of a multi-billion-dollar package to relieve its huge indebtedness.

The signature in New York, means that arrangements to reschedule a total of \$6bn in public sector debts have become operational. Thus ends nearly a year of negotiations made the more difficult in the aftermath of the Falklands crisis.

Creditor banks have also agreed to defer for one month repayment of \$300m— with regard to the \$1.1bn short-term bridging loan granted to Argentina this year. This will bring repayments on the bridging loan back into step with disbursements from a \$2.2bn loan to Argentina from the International Monetary Fund.

These two agreements will trigger the disbursement of the \$1.5bn, five-year loan put together by all the banks to which Argentina owes money. About \$10m is due to come from banks in the UK. Argentine officials said yesterday they expect to ask formally for disbursement early next week, and the first \$500m should be handed over by the end of the month.

Outlets agreed on Argentina's rescheduling package was reached last December. Since then, there have been many setbacks while controversy raged over British participation in the loan late interest payments by Argentine borrowers and over complaints by some creditor banks abroad that they were being unfairly treated in liquidation proceedings against Celulosa, an alling paper manufacturing in the private sector.

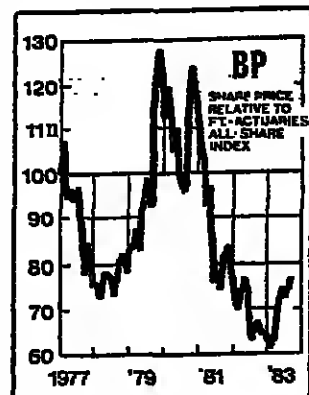
Foreign creditors of Celulosa faced having to wait 15 years to recover any money under Argentina's bankruptcy laws, but on Thursday, the Military League's Commission in Buenos Aires recommended in broad terms that such discrimination should end. It is understood that this was enough to secure signature of the loan to the airline.

Argentina expects the airline deal to be followed soon by similar agreements for the state itself (\$500m), the state oil company YPF (\$27m) and the national development bank BND (\$600m).

THE LEX COLUMN

**No rest for
the tender**

Index fell 2.7 to 694.2



The curious wrangle over North Sea tax allowances served to postpone the BP offer for sale by only 24 hours, and the underwriters settled onto their telephones first thing yesterday morning. In most essentials the issue is straightforward; there is no preference for existing shareholders, and no particular marketing effort in the U.S. The offer follows a long tradition in being partly paid, and a considerably shorter one in being in tender form. Even this possibility had seeped into market expectations over the preceding days, to judge by the narrowness of the reaction in the share price, down 2p in 426p.

The Government has clearly not forgotten the political embarrassment of the Amersham sell-off. Yet, at first sight, the decision to use the tender method looks a little odd where the market price of a share is already established, and indeed discounts the imminence of a sell-off of a stake of some \$500m. In such circumstances it should be possible to pitch the discount finely enough to excite plenty of interest and not give too much away to the speculators.

Yet no issuer can predict the market price of a stock a week ahead, and all that is lost by a method that cuts out the speculators is the razzmatazz. On this occasion applicants for the shares will compete on price rather than on number of applications. Given the size of the BP offer, it may prove an interesting test of the importance, or otherwise, of the extra excitement injected into an issue by staggings.

But the BP offer is not a pure tender, more a hybrid. If the market moves up between now and Friday morning, the Government is set to reap the benefit. If the market falls, the City institutions who have underwritten the issue will pick up the pieces. The minimum tender price, at 405p, is only 10p or so below the level at which a fixed price would have been pitched. The effective discount is rather greater than it looks, since successful applicants will obtain stock partly paid, and without paying commission or stamp duty.

Nevertheless, even at an underlying discount of nearly 9 per cent, a fairly common reaction among sub-underwriters yesterday was that the offer was tightly priced.

That complaint arises from the state of the market, which has been looking less than buoyant in recent weeks. If the whole market does turn sour next week, the institutions will

feel bitter about their underwriting role, given the previous debacle of the Britoil launch.

The consequence would be to reduce the City's willingness to co-operate in future privatisation moves, such as British Telecom's. That the Government is taking this risk is the more curious, given the potential flexibility it has with the tender method. Perhaps it would have been better to have 'censured' with the underwriting altogether, saving £6m in the process.

Over the last year, investors have become a great deal more accustomed to tender offers, while issues have become adept at achieving a striking price designed to produce a healthy after-market. The BP offer incorporates a couple of devices which may make it rather more difficult to find the right striking price. The warning given to applicants that preference in the allotment will be given to higher offers is designed to drive up the general price level. At the same time there is likely to be a body of small shareholder applications at the striking price, wherever that may be. So the Government's advisers will need to hit a price which ensures that all parties are satisfied.

If there are difficulties on this front, the use of the partly paid formula will probably tend to exacerbate them, since the new shares are geared vehicles. Past history offers little encouragement, with both the 1979 BP and the Britoil aftermarkets languishing till the partly-paid shares were out of the way. For the Government, a poor after-market would serve to sour the environment for future privatisation.

sations, though perhaps not to the extent of an issue flop. But last night the credibility of the share price suggested that these worries are still far below the surface.

Blackwood Hodge

Few City analysts looked at Blackwood Hodge's interim results yesterday, having relegated its shares, now at 15p, to the status of a speculative option. Even on this basis, most new investors will be hoping to ride a fall in interest rates rather than any recovery in its commercial fortunes—the group's pre-tax losses of £4.2m in the half year to June, against a £1.1m profit, have been struck after an interest charge of £6.6m and some reduction in looks the best bet for a slight recovery later this year. Outside the stock market, however, these results will be viewed with real concern for a group which is still the world's biggest distributor of earth-moving equipment.

Trading margins have shrunk from 5.5 to 2.7 to 1.8 per cent over the last 12 years, as retrenchment moves have trailed along in the dust of a 22 per cent slide in total sales, most particularly exports from the UK and France. The group's dilemma is now acute. It must reduce its debt mountain, currently around 158 per cent of shareholders' funds, to curb interest costs. But heavy reductions in working capital will permanently cripple the group's ability as a distributor to take off with any future recovery in demand.

Presumably its bankers—led in the UK by Midland's Clydesdale Bank subsidiary—have pushed the second option, since stocks have been cut from £121m to about £100m in the last six months. The group margin on new and used equipment sales has reportedly been 10 per cent, not much less than a year ago. But it seems inconceivable that such rapid de-stocking could continue across the board without very heavy price discounting, as the group's own Canadian subsidiary has warned in its interim statement. This might prompt a nasty message about the balance sheet at the year end.

The sales network is being subjected to the same treatment as the stocks, but there is nothing else to sell. With neither a glimmer of an upturn in its markets nor any real hope of fresh capital, the group's market capitalisation now stands at £11.9m.

Weather

UK TODAY

SHOWERS. Sunny intervals. Rain later. Windy. Temperatures near or above normal. London, E and E England Showers. Sunny intervals. Max 18C (64F). Central Highlands, Moray Firth, NE and NW Scotland, Orkney, Shetland Cloudy. Sunny intervals. Showers. Gales. Max 16C (61F). SW England, S Wales, N Ireland Showers. Cloudy with rain later. Gales. Max 16C (64F). Rest of England and Scotland, N Wales, IoM, Channel Isles Showers. Sunny intervals. Cloudy with rain later. Max 18C (64F).

Outlook: Unsettled. Cold. Windy.

WORLDWIDE

	Y day	Y day	Y day		
	°C	°F	°F		
Algeria	23	82	Madrid	23	73
Alexandria	21	70	London	13	55
Amsterdam	16	61	Madrid	23	84
Athens	23	84	Malaga	27	81
Bahia	26	79	Moscow	30	86
Bahrein	26	79	Moscow	30	86
Baku	15	59	Moscow	30	86
Batavia	30	86	Moscow	30	86
Belgrade	15	59	Moscow	30	86
Bombay	26	79	Moscow	30	86
Buenos Aires	15	59	Moscow	30	86
Calcutta	26	79	Moscow	30	86
Cardiff	14	57	Moscow	30	86
Cebu	26	79	Moscow	30	86
Colon	26	79	Moscow	30	86
Copenhagen	15	59	Moscow	30	86
Dallas	22	72	Moscow	30	86
Dhaka	26	79	Moscow	30	86
Dublin	14	57	Moscow	30	86
Hankow	26	79	Moscow	30	86
Hong Kong	26	79	Moscow	30	86
Imbabura	26	79	Moscow	30	86
London	13	55	Moscow	30	86
Lyons	15	59	Moscow	30	86
Manila	26	79	Moscow	30	86
Mexico City	26	79	Moscow	30	86
Moscow	30	86	Moscow	30	86
Mumbai	26	79	Moscow	30	86
Nairobi	26	79	Moscow	30	86
Paris	15	59	Moscow	30	86
Rangoon	26	79	Moscow	30	86
Reykjavik	15	59	Moscow	30	86
Rome	26	79	Moscow	30	86
Sao Paulo	26	79	Moscow	30	86
Seoul	26	79	Moscow	30	86
Shanghai	26	79	Moscow	30	86
Singapore	26	79	Moscow	30	86
Sofia	26	79	Moscow	30	86
Taipei	26	79	Moscow	30	86
Tokyo	26	79	Moscow	30	86
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